

# CITY OF HUNTSVILLE, TEXAS

Dick Lindeman, Position 1  
Wayne Barrett, Position 2  
Connie Heiland, Position 3



Lanny D. Ray, Position 4  
Charles Forbus, Position 5, Chair

## HOTEL OCCUPANCY TAX BOARD MEETING AGENDA THURSDAY, APRIL 9, 2009 – 5:30pm

### CITY HALL CONFERENCE ROOM HUNTSVILLE CITY HALL, 1212 AVENUE M

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact Stephanie Brim, City Secretary, at 936.291.5403, two working days prior to the meeting so appropriate arrangements can be made.

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#### I. CALL TO ORDER

#### II. CITIZEN INPUT

#### III. DISCUSSION/ACTION

The Committee will meet to discuss, hear presentations and/or reports and potentially take action on the following items:

- A. Minutes of the February 19<sup>th</sup>, 2009 meeting [Brim; 1-4]
- B. Review and discuss Comptroller's presentation at March 19th work session [Forbus]
- C. Usage and accountability of HOT funds by Huntsville-Walker County Chamber of Commerce as a Tax Code Chapter 351 delegated entity [Ray]
  - a. Presentation by Chamber [Thomas]
  - b. Questions and answers on submitted documentation and reports [All; 5-54]
  - c. Review, discuss, and consider action on submitted reports [HOT Board Members]
- D. Review of current uses of HOT funds and recommendations for potential uses of HOT funds
  - a. Discuss Community Funding Policy and budget for outcomes [Duke; 55-72]
  - b. Presentation and discussion of scope of proposed compliance audit [Duke; 73-88]
  - c. Discuss report to City Council [Forbus]
- E. Set date for next meeting [Forbus]

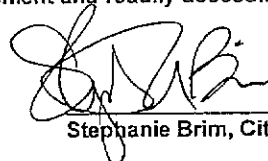
#### IV. ADJOURNMENT

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#### CERTIFICATE

I, Stephanie Brim, City Secretary, do hereby certify that a copy of the April 9, 2009 Hotel Occupancy Tax Board Meeting Agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING: April 3, 2009  
TIME OF POSTING: 4:00pm

  
Stephanie Brim, City Secretary

HOTEL OCCUPANCY TAX BOARD MEETING

CITY OF HUNTSVILLE

April 9th, 2009

BOARD MEMBERS: CHARLES FORBUS, CHAIRMAN  
DICK LINDEMAN, POSITION ONE  
WAYNE BARRETT, POSITION TWO  
CONNIE HEILAND, POSITION THREE  
LANNY D. RAY, POSITION FOUR  
KIMM THOMAS, EX-OFFICIO MEMBER  
LINDA PEASE, EX-OFFICIO MEMBER

ALSO PRESENT: BILL BAINE, CITY MANAGER  
LEONARD SCHNEIDER, CITY ATTORNEY  
DEE EVERETT, PRESIDENT, CHAMBER OF  
COMMERCE  
SHANNON HIGBIE, CHAMBER OF COMMERCE  
WINSTON DUKE, AUDITOR, CITY OF  
HUNTSVILLE

ORIG.

1 (Proceedings in Council Chamber at 5:30 p.m.)

2 MR. FORBUS: (Inaudible) this session of  
3 the hotel occupancy tax board to order on this day  
4 April 9th of 2009. We'll start out with reading the  
5 minutes of the -- trying to approve the minutes of the  
6 February 19th, 2009 meeting. Has anyone -- I'm sorry,  
7 this is citizen input. I jumped that, I think.

8 (Inaudible). Does anyone have anything that they would  
9 like to --

10 MR. RAY: Who is logging our minutes  
11 tonight?

12 MR. FORBUS: Who is logging the minutes  
13 tonight? I guess the Free Press is logging the minutes  
14 tonight. Well, we're recording.

15 MR. RAY: We'll just get the recording.

16 MR. FORBUS: Mr. Baine, who do you have  
17 to -- do you have anyone to log the minutes of the  
18 meeting tonight?

19 MR. BAINE: (Inaudible).

20 MR. FORBUS: Okay.

21 (Discussion)

22 MR. FORBUS: We're waiting for a  
23 secretary or someone to take the minutes\* for the  
24 meeting. We got recorders all over the place so  
25 hopefully we'll be able to record everything, but we

1 would like to have the minutes written down. So we  
2 will give it a few more minutes here while we try to  
3 round something on up.

4 (Short Pause)

5 MR. FORBUS: We didn't get any rain  
6 today.

7 VOICE: The day is not over.

8 MR. FORBUS: It sure looked like it this  
9 morning, though, didn't it? Man.

10 MR. BAINE: Well, let me continue to  
11 look.

12 MR. FORBUS: Okay.

13 (Discussion)

14 MR. RAY: Why don't we just go ahead.  
15 They can pick up enough from that later.

16 MR. FORBUS: We are recording so if that  
17 push comes to shove we'll just use the recording off of  
18 the -- off our recording device. I guess you're going  
19 to do the -- take the notes, right, Bill?

20 MR. BAINE: Oh, absolutely.

21 MR. FORBUS: Are your pencils sharp?

22 MR. BAINE: Well, I do have the agenda.

23 MR. FORBUS: Okay.

24 MR. BAINE: (Inaudible).

25 MR. FORBUS: We'll talk slowly. Okay,

1 shall we start?

2                   Okay. Agenda Item A, minutes of the  
3 February 19th -- approval of the February 19th, 2009  
4 meeting. Does anyone have any input on that? Any  
5 discussion of that, of those minutes?

6                   MR. LINDEMAN: Yeah, I do, Mr. Chairman.  
7 As I read the last four paragraphs of those minutes  
8 they are kind of garbled. And I'm not sure what some  
9 of that means. And I don't know if you want to take  
10 the time to try to sort it out here or maybe just  
11 remand that -- let somebody go back and listen to the  
12 tape and see what we actually did say. Because it  
13 quotes various people as saying different things in  
14 there and I'm not sure that's the way I heard it and  
15 I'm not sure what this means.

16                   For example, the paragraph that starts  
17 Mr. Ray suggested that the HOT board could report back  
18 to the counsel, that the city could finance about a  
19 100K out of general funds and other funding  
20 approximately 100K out of HOT funds for historical  
21 preservation putting the WHAC budget about a hundred  
22 thousand dollars short. That math isn't right, I don't  
23 think.

24                   MR. RAY: No. And I didn't say that,  
25 either.

1 MR. BAINE: I think I probably said  
2 that.

3 MR. RAY: I think you said that.

4 MR. FORBUS: Okay. We will pass on the  
5 approval of the minutes and get a better recording of  
6 what was said that night. So we'll move on to agenda  
7 Item B.

8 Review and discussion comptrollers's  
9 presentation of March 19th work session. I've got a  
10 few things that I want to say about that. And I will  
11 start off and then I will yield the floor to any other  
12 board members.

13 First thing I remember, I want to stress  
14 is that presenter, (inaudible) Gillihan said, and he  
15 must have said it numerous times, that the basic  
16 criteria for using HOT money was heads and beds. And I  
17 think that we can use the money on various things like  
18 arts, historical events, but they also have to tie to  
19 heads and beds.

20 The second thing that I want to mention  
21 is tourists versus hotel occupancy tax tourists. A  
22 tourist is anyone who comes to town and spends the  
23 money, and we appreciate those people and we appreciate  
24 whatever advice, whatever information that brings those  
25 folks to town. But to spend the hotel occupancy tax

1 money we have to address tourists that come to spend  
2 the night, put the heads in the beds, so that was the  
3 second thing I wanted to bring.

4                   The third thing is the need for -- to  
5 have hotels help certify tourist events, correlation to  
6 heads and beds and tourist events that bring those  
7 heads to beds. So I think one of the things that our  
8 comptroller presenter said was we need to get with the  
9 hotel industry and have some kind of questionnaire,  
10 documentation that why did you come to town? Did you  
11 come to town for an event? Is that why you're spending  
12 the night? That's one way to really have an accurate  
13 tally of who is coming to town and if they are spending  
14 the night for the events.

15                   The other thing that I got out of it was  
16 the jeopardy of legal action relating from misuse or  
17 perceived misuse of funds. So we got to be very  
18 careful. I understand a hotelier or even a city that  
19 feels that these funds are not being used correctly can  
20 go down and put a cease and desist order in and that  
21 the city is going to have to prove that those funds are  
22 spent correctly. So that is another issue that we need  
23 to be very aware of using the hotel funds.

24                   And the fifth issue I think -- and I  
25 believe this is very important -- is that we need to

1 have a representative on the HOT Board from the hotel  
2 industry. They have a vested interest in how this  
3 money is spent and how we record it and how the  
4 projects work. And so I believe that at the next board  
5 appointment I will mention to the Mayor and, in fact,  
6 on my report to counsel that we need to address this  
7 issue, that we do need a representative or even two  
8 from the hotel industry. I've said about all I have to  
9 say about it. Other board members have any input on  
10 the presentation by the comptrollers office?

11 MS. HEILAND: In addition to those take  
12 a ways, Charles, it was very clear to me several times  
13 it was mentioned that there must be criteria  
14 established, communicated and abided by before you  
15 spend any money on any other projects. And I think we  
16 have that in our contract. But we need to make sure  
17 that we look at any sort of contracting arrangement to  
18 have those guidelines and criteria. And they have to  
19 basically -- anybody that applies for this money has to  
20 be able to show what they are going to do and then they  
21 also have to demonstrate how they are going to measure  
22 it. And at the end of that term you have the  
23 measurements given. So it is quantifiable measurements  
24 are also. That's what I heard a lot of.

25 The other thing that I thought was very



1 important to remember is that because HOT money cannot  
2 be used for a particular purpose, like the arts or even  
3 historic preservation if it doesn't meet the guidelines  
4 stated very clearly in the statute, there are other  
5 sources of money available, or that can be used. And  
6 so that was a constant theme throughout that I think we  
7 need to (inaudible).

8 MR. FORBUS: Other input?

9 VOICE: Sir, could you get her to speak  
10 up? Give her a microphone.

11 MR. FORBUS: She got it.

12 MS. HEILAND: Hello.

13 MR. FORBUS: Louder.

14 MS. HEILAND: I don't want to blow you  
15 out of the room.

16 MR. LINDEMAN: Are these mics on? Can  
17 you hear me?

18 MR. FORBUS: This one is on.

19 MR. LINDEMAN: Charles, I had a couple  
20 more. Are you through, Connie?

21 MR. FORBUS: Would you like her to  
22 restate that?

23 VOICE: Yes. I couldn't hear a word.

24 MS. HEILAND: Okay. What I took away  
25 from the meeting --

1 MR. FORBUS: Can you hear now?

2 VOICE: Yes. Thank you very much.

3 MS. HEILAND: What I took away from the  
4 meeting -- no problem at all. Usually my voice is loud  
5 enough to be heard -- is that there have to be criteria  
6 presented by the contractee that states exactly how  
7 they are going to meet the criteria of the statute that  
8 Charles has already talked about and I don't care to go  
9 back into that at all again. But there is also other  
10 funds that are available and I will add a little bit to  
11 this is, you know, the fact that perhaps certain arts  
12 funding can't come from HOT funds doesn't mean that  
13 there aren't other sources. But that also relates to  
14 the fact about how strict we have to interpret this  
15 statute. It has to go for the purposes stated there.  
16 If it's not then, well, it's illegal.

17 MR. FORBUS: We can't use it. Okay.  
18 Dick, you have more other input?

19 MR. LINDEMAN: Yeah. Actually I went  
20 back and listened to one of these tapes of this meeting  
21 several times and these two gentlemen that came had a  
22 lot to say. And I wrote down fifteen points, some of  
23 which has already been covered and I certainly won't  
24 burden the group with them here, but there were a lot  
25 of things on there that we really need to consider.

1           The one that was probably most helpful  
2 to me that hasn't been mentioned is the co-mingling  
3 business. And that came to us actually from the -- Mr.  
4 Gapell, the auditor from the CPA firm in Houston. And  
5 he said that the criteria that the auditing industry is  
6 using to determine co-mingling is when you look at an  
7 activity if you can determine what source of funds it  
8 came from. If you can determine what source of funds  
9 funded that activity it's no co-mingling. But if there  
10 is ambiguity as to what the source of fund is for that  
11 activity then it is by definition, he said by  
12 definition, it is co-mingling. So that strikes me as a  
13 fairly practical test we can use to test the State --  
14 because the State law is very clear that co-mingling,  
15 as we all know, that co-mingling is not allowed. So I  
16 think that's a test that we can use going forward.

17           He also mentioned on historical houses  
18 we need to use the Texas Historical Commission criteria  
19 for historical houses. It can't be just an old house.  
20 It has to meet the State's requirements. And he  
21 suggested, you may recall, that we outsource the gift  
22 shop. And normally a city doesn't have more than one  
23 visitor's center. I was toying with the idea of having  
24 three so he shot me out of the air in a hurry.

25           MR. FORBUS: I don't think he said we

1 couldn't have more than one but --

2 MR. RAY: Said he has never seen it.

3 MR. FORBUS: Usually don't have but one,  
4 right. I think we still are in the hunt for another --  
5 for a visitor's center if we want to.

6 MR. LINDEMAN: And other than that I  
7 think you covered it, Mr. Chairman.

8 MR. FORBUS: Wayne.

9 MR. BARRETT: Well, I just -- am I on?

10 MR. BAINE: Yes, sir.

11 MR. BARRETT: I'm concerned about our  
12 funding for Huntsville Arts Commission, which I think  
13 is an enriching and important part of Huntsville. And  
14 so I would just hope that -- I haven't had time yet  
15 myself to try to research this. I hope that maybe some  
16 on the Arts Commission can. Just find out what other  
17 city in Texas who have had -- who have similar  
18 structures as our own, who have the hotel-motel tax and  
19 who are funding the arts with that fifteen percent that  
20 is permitted, to find out what they may be doing, the  
21 ways that they may have found to meet these  
22 requirements that we've been made aware of. Perhaps we  
23 don't have to reinvent the wheel and there may be some  
24 creative ideas out there about what we can do.

25 I can say from that standpoint of when

1 you talk about an artistic event, even if it's  
2 something like Houston Grand Opera, that doesn't maybe  
3 bring in that many people who would stay overnight.  
4 They would either live in Houston or even if you drove  
5 down from Huntsville to go to something like that you  
6 would just come back home. So if the test for every  
7 single event is that that event in and of itself has to  
8 draw people then that would be, I think, a test that  
9 almost any artistic event in the State would fail.  
10 Because that is not just a high bar, that is an  
11 extraordinarily high bar. But maybe they have found  
12 ways to -- that events can be, I don't know, linked,  
13 promoted in a certain way, joined with other  
14 activities. I think we need to just see what other  
15 people are doing to be in compliance.

16                   And the other side is this. A lot of  
17 the artistic events that we fund they are very good but  
18 they have small budgets and it would be outside the  
19 scope of their expertise or their budget for each of  
20 these events to be able to even have measurements for  
21 everybody who's there, did they spend the night and  
22 this, that and the other. So I absolutely am for  
23 compliance with the law and the letter and the spirit  
24 of it, but I do -- I have to feel that there is a way  
25 that other entities have found to meet this requirement

1 and I just hope that we can be successful in doing  
2 that. Because I think that it's an important part of  
3 our community. And if we find it that we can't do  
4 business as we been doing it and fund the arts let's  
5 find a way that we can do it and fund the arts. That's  
6 my perspective anyway. And I hope that we'll be  
7 successful in doing that.

8 VOICE: (Inaudible).

9 MR. FORBUS: Yes. And I believe that --  
10 I don't believe anyone on this Board is anti the arts.  
11 I believe we all believe that the arts are very  
12 important and that we need to bring in the young people  
13 to expose them to the arts so it does make a difference  
14 in their lives. But there may be a necessity to search  
15 for other funding in that area. So we just have to see  
16 what we can come up with on that. Does anyone else  
17 have any input here?

18 MR. LINDEMAN: Well, I say one more on  
19 my list here, Charlie, that we didn't mention and that  
20 is that he said that it was legitimate to use HOT funds  
21 to pay for city expenses. People in the city that are  
22 working to promote heads and beds can be paid for out  
23 of HOT funds and we discovered a case in Conroe where  
24 apparently they are paying someone, if not full time, a  
25 substantial period of their time, out of HOT funds

1 because that person is working with their arts  
2 commission to promote those activities. So that's  
3 another thing I think we should note going forward.

4 MR. FORBUS: I think we about covered  
5 the --

6 MR. RAY: Ms. Thomas was there. Maybe  
7 she has some input.

8 MR. FORBUS: Kimm, do you have anything  
9 you would like to add?

10 MS. THOMAS: Not at this time.

11 MR. FORBUS: And before we get going any  
12 further I want ya'll to understand that this is an  
13 information session. It's not an adversarial situation  
14 where we are wanting to do anything so far as taking  
15 this funding away from anybody. The main thing that I  
16 feel that we need to do is be very transparent with the  
17 money that we are using because this is actually  
18 citizens' money, the hotel industry's money, and that  
19 we need to be very clear. Everyone should know what  
20 the money is being spent for, how it is being spent and  
21 if we can do a better job somehow I think we need to do  
22 that. Because basically we want to try to stimulate  
23 the economy of Huntsville. And so if anyone has any  
24 opinions that don't jive with what we're -- this board  
25 is saying, please feel free after we discuss these

1 things to voice your opinions. We will present them --  
2 excuse me, I will present them to the counsel and --  
3 the pollen is killing me by the way. But I will visit  
4 them with the counsel, both sides of any argument, so  
5 feel free to express your opinion after we get through  
6 discussing these issues.

7 And so we move to Item C, which is usage  
8 and accountability of HOT funds by the Huntsville-  
9 Walker County Chamber of Commerce as a tax code Chapter  
10 351 delegated entity.

11 MR. RAY: I think sub A is the Chamber's  
12 presentation.

13 MR. FORBUS: If you do have something  
14 that you would like to say please come to the  
15 microphone and so we can record (inaudible).

16 MS. THOMAS: Good evening. First of all  
17 I want to thank the Board for allowing us the  
18 opportunity to come before you and to share what it is  
19 that we do on a daily basis. One of the points that I  
20 want to make beginning this is that, you know, in the  
21 beginning we had talked about doing an actual workshop.  
22 This is by no means that workshop. There is no way  
23 that we can share all of that information in this  
24 appointed time.

25 One thing I do want to share with you is



1 a little bit about myself since I am the one who's  
2 ultimately responsible for the tourism funds as relates  
3 to the Chamber of Commerce.

4 I have (inaudible) in the hospitality  
5 hotel industry. When I moved to Huntsville I managed  
6 the LaQuinta and immediately became involved in the  
7 convention and visitors bureau because I realized the  
8 importance of having that within the city and being  
9 active with it as a hotelier. By saying that I want  
10 you to also know that I understand the importance of  
11 putting head in beds, if you will. I work very closely  
12 with the hoteliers. We do visit them between myself  
13 and Jamie on a regular basis at least once a month.  
14 And I just wanted to make sure that you guys are aware  
15 of my background and where I came from.

16 Our presentation, the overview of the  
17 presentation we are going to look at the general  
18 advertising marketing, the media advertising; print,  
19 radio and internet, association programs, our  
20 partnerships, the trade shows and exhibitions that we  
21 go to, exhibits. We are going to also look at group  
22 bookings and servicing. I want to bring to your  
23 attention that upon seeing that we were going to be  
24 able to present a presentation I did contact Mr. Forbus  
25 and asked what direction he wanted me to go with the

1 presentation. And this is pretty much the direction in  
2 which he pointed me. Group bookings and servicing was  
3 one of the key issues that he was really concerned with  
4 and he has brought that to my attention on a couple of  
5 occasions. We're going to talk about group booking  
6 process, sample listing of the groups and the city  
7 comparison. And there is four cities involved in that  
8 comparison.

9                   One of the important things to mention  
10 is that is the Chamber mission. The Huntsville-Walker  
11 County Chamber of Commerce is a member and community  
12 service organization that develops, promotes -- and  
13 promotes businesses, leadership and tourism for the  
14 enrichment of our quality of life and the local  
15 economy. We are proud to have this partnership with  
16 the city as it relates to tourism.

17                   Our general advertising -- I apologize  
18 that is kind of going off the screen. Can you adjust  
19 that? Okay. Right now this is based on our budget for  
20 '08 and '09. Our budget was \$45,000 in this particular  
21 area. It have a listing there of the different things  
22 in which we do advertise with and that is our annual  
23 events brochure. We have the visitor (inaudible) for  
24 those of you who are in budget we gave you a binder  
25 that had all just about all of our information in that.

1 That is included. Mr. Lindeman and Connie received  
2 theirs today. Did you get your copy?

3 MR. LINDEMAN: Yes, ma'am.

4 MS. THOMAS: Okay. You will have these  
5 brochures in all of that and your binder for you to  
6 look at and for those of you that have already received  
7 it.

8 Now, I want to say something as it  
9 relates to -- and I'm going to actually read it from  
10 what cities need to know to administer the local hotel  
11 occupancy tax. And this is coming from criteria one.  
12 And this is on the Attorney General's web site as well  
13 as the hotel-motel lodging association. But it reads  
14 in criteria one, which we know it says that it must  
15 directly enhance, promote tourism and convention and  
16 hotel industry. However, when you read through that --  
17 and this might help some, Mr. Ray, in which you were  
18 speaking of just a few minutes ago. It says tourism is  
19 defined under state law as bringing visitors from  
20 outside of the city from a different city or county  
21 into the city or its vicinity. It goes on to state  
22 with regards to the second problem of criteria one,  
23 state law does not specifically define what constitute  
24 direct promotion and convention and hotel industry.  
25 However, this requirement has been consistently

1 interpreted by the Attorney Generals in this  
2 (inaudible) section by the Texas Municipal League, they  
3 have historically indicated that to directly promote  
4 the convention and hotel industry, the event or  
5 facility must be likely to cause increased hotel or  
6 convention activity. And I think this will help in  
7 regard to what you were talking about because it says  
8 must be likely. And in a lot of these events and a lot  
9 of the things that we do in this community more than  
10 likely can promote that for us.

11 MR. RAY: I'm sorry, excuse me.

12 MS. THOMAS: Yes.

13 MR. RAY: Are you disagreeing that it  
14 has to be the heads and beds thing?

15 MS. THOMAS: I'm not disagreeing with  
16 that. What I'm saying is that this gives us a little  
17 clearer picture. Because all communities in the State  
18 of Texas -- we have more small communities than a lot  
19 of states.

20 MR. RAY: Right.

21 MS. THOMAS: And because of that it's,  
22 like he was saying, it's hard to qualify that. It's  
23 really, really hard to qualify that. If you call just  
24 about any small community based on our size or even  
25 some a little bit larger they will tell you that it is

1 hard to qualify the head and beds.

2 MR. RAY: I agree with you the  
3 substantia problem they told us we have to do is  
4 challenging it.

5 MS. THOMAS: Uh-huh.

6 MR. RAY: At least. But as far as what  
7 the money can be used for, I think it is now undeniably  
8 crystal clear it's got to be tourism and the hotel  
9 industry. And while the definition of tourism is the  
10 one you just recited and it's accurate, where they get  
11 that from is the use of tax revenue, the law, 351.101,  
12 that says it may be used only to promote tourism and  
13 the convention and hotel industry. And it's the "and"  
14 in there that we got tripped up on or that you we are  
15 all hooked with.

16 MS. THOMAS: Uh-huh.

17 MR. RAY: And that's why I don't think  
18 there is any room to maneuver trying to say we are  
19 doing day trippers anymore. Do you agree with all of  
20 that?

21 MR. THOMAS: I think -- what I'm  
22 pointing to is the definition that they give in here,  
23 and that is the event or facility must be likely to  
24 cause increase. We can have an event -- and the  
25 comptroller even spoke about this -- you know, the

1 first year we have an event we might not know until  
2 after that event take place whether or not it's going  
3 to cause head and beds. But going forward we know the  
4 next year, looking at that event, whether or not it's  
5 going to happen. But we have to use this test here,  
6 must be likely to cause increased hotel and convention  
7 activity. And I truly believe that this is part of,  
8 especially for the smaller communities, is our test  
9 for, you know, making sure we on the right track as  
10 well as it relates to our advertising and things of  
11 that nature.

12 MS. HEILAND: May I interject? Reading  
13 through a lot of the material I circled the fact that  
14 yes, that perhaps is a word that can be used. But it  
15 has to be tied with substantiation. And it's often  
16 said, I don't know how many times with our speaker,  
17 that a first time event it's a guess.

18 MS. THOMAS: Right.

19 VOICE: But if it's done over and over  
20 again then it seems to me there is more of a burden to  
21 actually document through again connections with the  
22 hotel industry, which I thought was very interesting in  
23 that our speaker said these guys really know, you know,  
24 who's staying in town and they'll be eager to help.  
25 And so guest registries, there are several different

1 means that don't seem unduly burdensome. And I guess  
2 hopefully in your presentation you will say what  
3 efforts have been made in the past to do that. But it  
4 seems to me that that is one of the things that is  
5 probably going to be needed to look more into.

6 MS. THOMAS: I agree with you. And that  
7 is something that is needed. And we have been talking  
8 with the hotels. One thing that we have to understand  
9 is we have to understand those that we are dealing with  
10 as relates to our hotels here in the city. We have a  
11 couple of hotels that are very eager and willing to  
12 give us that information. On the other hand, we have  
13 hotels that never provides the information. And in my  
14 going forward you will see where we mention about  
15 working harder to secure that information.

16 MR. FORBUS: Yes. I just was going to  
17 interject one thing. I think tourism, day tourists,  
18 whatever, they are very important. And whatever kind  
19 of tourism you can bring to town, if it's just for the  
20 day, that's great. But I would think that that is  
21 probably part of the Chamber's mission to help  
22 stimulate business in Huntsville through bringing  
23 tourists to town, people from out of town for nothing  
24 else eat at the Farm House or eat at the Junction or  
25 eat at Chili's or wherever, you know. Or spend money

1 at downtown on the square. But, again, we got to get  
2 back to the fact that the hotel occupancy money needs  
3 to be and -- and that's a big and, bring heads to beds.  
4 I think any kind of tourism is great, but we got to  
5 focus on the heads and beds.

6 MS. THOMAS: And I understand that. And  
7 one thing about the day trippers, if you will -- and I  
8 have sat out at the statute many of times in the  
9 visitors center there who we had a guest that stopped  
10 through and upon stopping realized -- and it was a day  
11 tripper, but they didn't necessarily come in to see  
12 what all we had to offer but they stopped there,  
13 received information and said I did not know Huntsville  
14 had so much to offer. I will be back, you know. And  
15 in our advertising we also have to take into account  
16 those individuals who might just necessarily be a day  
17 tripper but also can, you know, turn into an overnight  
18 stay as well. And I understand what you're saying.

19 MR. FORBUS: I'm not saying that the  
20 people out at the statute need to tie peoples' arms  
21 behind their back and say you need to spend the night  
22 in town. But even if you send them downtown so they  
23 can shop around, look around, see our downtown, I think  
24 that is a great way to influence people and maybe bring  
25 them back so they do spend the night. That's all I was



1 saying. I think that that is a mission that everybody  
2 in this town should be trying to help stimulate our  
3 business events pocket books.

4 MS. THOMAS: So I have you on board in  
5 getting the whole community involved.

6 MR. FORBUS: Absolutely, absolutely.

7 (Short pause)

8 MR. FORBUS: Use the up key.

9 MS. THOMAS: That's the corner there.

10 MR. FORBUS: Kick it.

11 MS. THOMAS: I can't reach that high.  
12 When I was in high school I could. Did you guys change  
13 the battery?

14 MR. BAINE: Here it is.

15 MR. FORBUS: There it goes.

16 MS. THOMAS: Okay. Go back one more  
17 back to that other page. Okay. This is a little hard  
18 to read but I will make copies for you and have for you  
19 at a later date. But on here this is our media PR  
20 coverage. And the first column there gives you kind of  
21 an insight on the circulation of some of the  
22 publications that we actually advertise with.

23 Texas Monthly do over three hundred  
24 thousand in circulation. Hotel Display Show Case,  
25 Triple A Home and Away magazine do two-hundred fifteen

1 thousand. This was just a sampling of, you know, some  
2 of the circulation that we received. And one of the  
3 things that we do in our advertising and that is our  
4 branding. You know, Sam Houston statue is one of the  
5 most recognized statues in the world. We include him  
6 on there. We also share a logo with the city, the  
7 Chamber and with the Convention and Visitors Bureau and  
8 that is the State of Texas with Huntsville in there as  
9 part of our branding. One of the things about branding  
10 is that the more they see it the more inclined they are  
11 to investigate and find out more information and,  
12 therefore, go to the web site and things of that nature  
13 and find out what we have to offer. This is two of the  
14 brochures that we currently use on a regular basis.  
15 This brochure is located just about everywhere  
16 throughout the city.

17                   You mentioned the different visitors  
18 centers. The Wynne home have them, Main Street have  
19 them, Sam Houston Visitors Center have them, the Hearts  
20 Veterans Museum have them. I can go on from there.  
21 The CJ Center at the university have them. We get  
22 requests on a daily basis for these particular ones.  
23 One of the ones that I do not have up here is the  
24 (inaudible). That's another very popular publication,  
25 if you will, that we have for guests when they are

1 entering the city or that we mail out to perspective  
2 visitors and groups.

3               Some of the different advertising things  
4 that we use are promotional things. At the bottom left  
5 hand corner there is a postcard there that have  
6 (inaudible). We have caps. We have all different  
7 types of things; pens, cups, book markers for the kids  
8 when they come out there that gives all the information  
9 on Huntsville. That's just some of the marketing  
10 things that we do.

11               Now, one of the things about the  
12 particular items that we have here, the university is  
13 really, really good at utilizing this. When they have  
14 major groups coming in, the meeting planners and things  
15 of that nature, they usually call and ask for gift  
16 baskets and things for those who are planning the  
17 meeting so that, you know, they have all the  
18 information on Huntsville and we utilize these things  
19 for them. Some of the bill boards that -- all of the  
20 bill boards that we have out at this particular time,  
21 the newest one is the one at the very top, step into  
22 history, Huntsville is big on heroes, tapping into our  
23 Hearts Veterans Museum, antiques and ice cream is our  
24 historic square. And, again, step into history, which  
25 is traveling from north here. Media advertising,

1 print, radio and internet. And, again, it lists all of  
2 the different things that we do, who we advertise with.  
3 And the three markets that we basically concentrate on  
4 is Texas, Louisiana and Oklahoma. Some examples of the  
5 ads.

6                   Visitor inquiry and web services. This  
7 particular year we did a focus towards our internet to  
8 make sure that we brought our web sites up to speed.  
9 We are currently in the process of getting that  
10 completed now. One of the things that we have  
11 noticed -- and if you remember correctly during the  
12 budget process we left pretty much all of the  
13 advertising, everything pretty much flat to what it was  
14 the previous year. And we increased on our web  
15 services and inquiries so that we can have that  
16 penetration in the market.

17                   Mail responses. Advertising generates  
18 inquiries and we follow-up by mailing information.  
19 Below is an example of some of our tracking. See Texas  
20 first, spring and fall. We mailed out over eight  
21 thousand inquiries, okay? And this is just a sampling  
22 of them. But the total mailed out for the year 2007-08  
23 we did over eleven thousand two-hundred fifty-seven  
24 inquiry mail outs.

25                   Association and co-op programs that we

1 are currently involved in. TTIA, Texas Travel Industry  
2 Association, TACVB, Texas Association of Convention and  
3 Visitors Bureau, just to name a few. These are some of  
4 the partnerships that we are involved in. Texas Forest  
5 Trail. With these partnerships, you know, we have a  
6 presence there. So we are on their web sites. We are  
7 in their publications. We, you know, wherever they are  
8 we are. They go to trade shows, they represent us  
9 there as well. And the same with our other  
10 partnerships with Texas Department of Transportation.  
11 They have their own web site and they work very closely  
12 with Texas Hotel Lodging Association. And the Office  
13 of the Governor, you know, they have an economic  
14 development and tourism department. One of the reports  
15 that I will show you later actually came from the  
16 Governor's Office. We do work with them. And they  
17 have their own tourism department that goes out and  
18 markets Texas and by being involved in their  
19 organization we have a presence there as well.

20                   Trade shows that we usually go to.  
21 Triple A shows, the Houston Travel Show. We've been to  
22 the McAllen Winter Texan show. We try to get to as  
23 many of these as possible throughout the year because  
24 this is another penetration in the market that allows  
25 us to get the word out about Huntsville, whether it is

1 group bookings, individual travelers, so that we can  
2 make sure that our presence is out there.

3 MS. HEILAND: Excuse me. I saw one down  
4 there, the SHSU orientation and recruitment --

5 MS. THOMAS: Yes. And that -- this is a  
6 picture from that. This past year we -- most of the  
7 seventeen hundred parents stayed in local hotels here  
8 last summer. Last summer was our first time doing it.  
9 It really doesn't cost us a whole lot of money, but we  
10 get in front of about seventeen hundred parents. We  
11 showed them the video of Huntsville. Most of them do  
12 stay at that particular event because it's orientation  
13 for their freshman coming in. Now, the good thing  
14 about it is by being there showing them, most of them  
15 did not know all that Huntsville has to offer.  
16 Hopefully when they come back to move their students in  
17 and out of the dorm or to attend an event here they  
18 will stay and get the opportunity to see some of the  
19 other venues that Huntsville has to offer. And I can  
20 actually share, majority of the convention and visitors  
21 board, the tourism counsel board, and the Chamber of  
22 Commerce boards, executive board and the regular board,  
23 and main street participated as well as Sam Houston  
24 State University participated and came out and helped  
25 us with this event. It was their event. They had

1 never done anything with it in the past but just let  
2 the parents eat and go on their way. We had people  
3 there to mingle with them, to share information, to  
4 talk about their venue so that they could be, you know,  
5 get excited about what all we had to offer as well.

6           Some examples of the trade shows and how  
7 we set up. And there is Jamie there doing what she  
8 does best. Huntsville as a destination. I touched on  
9 this a little bit earlier. But one thing we have to  
10 understand, and I know the focus is the heads and beds  
11 and group activity. Huntsville, we have eight hundred  
12 and fifty-three total hotel rooms in inventory here.  
13 Out of that eight hundred fifty-three rooms -- and I  
14 must speak honestly, about four hundred and seventy of  
15 them are really suitable for group bookings. Out of  
16 that four hundred and seventy -- and that's from a  
17 select group of hotels -- out of that four hundred  
18 seventy that is their complete inventory. Nine chances  
19 out of ten a hotel is not going to give you -- in fact,  
20 I know they are not going to give you their entire  
21 inventory of rooms. They are going to give you a  
22 percentage of their rooms. So if we take that and  
23 divide it in half we have very few rooms to focus on.  
24 As we grow and as we get better in policing our hotels  
25 and making sure they are up to standard then this

1 number will grow and the more we'll be able to book and  
2 produce better rooms. I'm not saying that we don't try  
3 to do that now. What I'm saying is this is the state  
4 of Huntsville at this particular time and as we grow, I  
5 mean the groupings bookings will grow as well. We have  
6 limited meeting space within the hotels and outside of  
7 the hotels. We now have on board, which we are glad to  
8 have, the FEMA shelter. And I'm sorry I should have  
9 put the correct verbiage, the Veteran's Conference  
10 Center there. We have that now but it is still limited  
11 in what we are able to do there because should there be  
12 some type of --

13 MR. FORBUS: Event.

14 MR. THOMAS: Not event but emergency,  
15 then we will have to displace that group.

16 MR. FORBUS: Would may be displaced  
17 anyway. If we had a hurricane you think they would  
18 come here?

19 MS. THOMAS: Well, this is a situation.  
20 If the disaster is over in Corpus they going to  
21 evacuate Corpus to come to Huntsville. So we might not  
22 even be threatened by that disaster yet we will have to  
23 vacate that group. And one of the things about groups,  
24 once you make a group angry, just like if you make a  
25 person angry, that person tells one person, that group



1 tells another group, and it's a domino effect from  
2 there. And one thing we don't want to -- I'm all for  
3 booking the convention center. I just want to make  
4 sure that we understand, you know, the limitations  
5 there.

6 MR. FORBUS: We were just out there, Dee  
7 and a bunch of us were out there yesterday, wasn't it?  
8 Yeah. Time flies. But it's a nice facility. It's  
9 really nice.

10 MS. THOMAS: It's beautiful. And they  
11 have done a great job with decorating it.

12 MR. FORBUS: That would be a great place  
13 to host a conference if we had some way to transport  
14 people. And maybe we could do something like that.  
15 George and I were talking about maybe having a trolly  
16 system that would go around to the hotels and bring  
17 people out there to the convention center. That's an  
18 idea we might float later. But I'll stop.

19 MS. THOMAS: Make sure I'm included on  
20 that one.

21 MR. RAY: What's the capacity --

22 MR. BARRETT: I just might reinforce.  
23 I'm assuming this is right, but the situation you face  
24 with just certain rooms being suitable for booking a  
25 group because if you did book a group and you

1 encouraged them to stay at a place where they had a  
2 negative experience you will have an anti-tourism  
3 effect because they would hold that against you and  
4 they would associate that experience with coming to  
5 Huntsville for a convention.

6 MS. THOMAS: Exactly.

7 MR. BARRETT: So you do have to be  
8 careful what you recommend to groups coming in as far  
9 as where they might stay, I would think.

10 MS. THOMAS: I will say that the last  
11 two years we have had two fabulous hotels that have  
12 come on board and that's included in that number,  
13 though.

14 MR. RAY: What is the capacity of the  
15 shelter for a convention, conferences?

16 MS. THOMAS: I apologize. I don't know  
17 right off hand. But Richie has -- what to is the  
18 total?

19 VOICE: Eight hundred.

20 MS. THOMAS: Eight hundred. And that is  
21 the -- I mean, general session still or --

22 VOICE: Yeah. Between five and eight  
23 hundred people, sit down dinner.

24 MR. FORBUS: There are four break away  
25 areas.

1 MS. THOMAS: Other meeting facility --  
2 and I thought I would bring this to your attention.  
3 Now, I do not have Sam Houston State listed in here  
4 because that's another variable. They can only book so  
5 far out and then if something comes up that the  
6 university needs it for, guess what, you're displacing  
7 another group.

8 Other meeting facilities is the Walker  
9 Education Center, the Wynne home, Magnolia Lakes,  
10 Samuel Walker Houston Cultural Center, Walker County  
11 Fairgrounds, the Texas Prison Museum and the State Park  
12 Lodge. Yeah, we do have some other ones, that's just a  
13 sampling of what we do have.

14 And then the third issue would be  
15 transportation. If we bring a group here, let's say we  
16 had a group of fifty or more and they had an event,  
17 most of them don't like to drive. They usually like to  
18 stay within their host hotel. That's another  
19 situation. If we had a group that we brought to town,  
20 let's say fifty to seventy-five attendees, and they had  
21 a meeting, okay? They had a general session, which is  
22 where they all gathered for just an overview, then they  
23 need a break out room to go to individual committee  
24 meetings and things of that nature, then they had a  
25 dinner, where would we put them? So then they are

1 looked -- forced to go outside of the hotel to do this.  
2 And then in doing so they usually like to travel  
3 together as a group. They don't want to have to take  
4 all their individual cars and things of that nature.

5 VOICE: Would you pull the mic up?

6 MS. THOMAS: Is that better?

7 VOICE: Yes.

8 MS. THOMAS: Okay. So then  
9 transportation becomes a problem. So there are  
10 different things that, you know, we have to look at  
11 when we are looking at bringing group bookings into the  
12 area.

13 Sampling of some of the groups that have  
14 stayed with us here with us. Now, a lot of times and  
15 what is really becoming more common, rather than having  
16 a meeting planner and do all of this for them a lot of  
17 times there is someone from a particular department  
18 that's handling the meeting. And to be honest with you  
19 they don't want to handle the hotel rooms. They don't  
20 want to -- they want a list of where to stay and then  
21 at that point they give that to their attendees and say  
22 you're on your own, make your reservation, your stipend  
23 is this. But this is the sampling of groups and  
24 conferences that we did service last year. Sam Houston  
25 State worked very well with us in informing us of the

1 things they have coming in as well as TDCJ, Region Six.  
2 They are very, very comfortable, I think, with us in  
3 insuring that we get the information to them that they  
4 need and working with them on their groups when they  
5 bring them to town. Mr. Forbus?

6 MR. FORBUS: I was just going to say  
7 most of those were set up by the various -- like SHSU  
8 and Region Six and TDCJ --

9 MS. THOMAS: Yes. Majority of them are  
10 set up.

11 MR. FORBUS: They are already set up by  
12 them and you went out and worked with the  
13 organizations, right?

14 MS. THOMAS: Yes.

15 MR. FORBUS: Okay.

16 MS. THOMAS: They contact us and we do  
17 work with them.

18 MR. FORBUS: But they were coming  
19 anyway, right?

20 MS. THOMAS: Yes. More than likely the  
21 university arranged for the group to come here. But to  
22 give up one example. This year we had the -- excuse me  
23 if I don't have the correct name, the group that's  
24 coming past, and they had over three hundred people  
25 that stayed in and around Huntsville and did sell out a

1 couple of hotels. And that was the -- it was the  
2 students --

3 MR. FORBUS: Non-violent --

4 MS. THOMAS: No. It was actually for  
5 special ed students, program for special ed students  
6 and parents. And I found them in a newspaper outside  
7 of Huntsville. That's how I found out about them,  
8 called them, contacted them to let them know what we  
9 could do to help them with a group. And in doing so --  
10 and we have done this with several groups, in doing so  
11 not only did we help them with, you know, making sure  
12 that their meeting was a success, we also made sure  
13 that they had a welcome sign for the group when they  
14 walked through the door, you know, things of that  
15 nature to make sure that that group felt welcome here  
16 and hopefully by doing so they will rebook with us.

17 MR. FORBUS: What other -- can you name  
18 some other groups that you have brought to town besides  
19 that one?

20 MS. THOMAS: Right now we are  
21 actually -- well, that I have actually brought to town?

22 MR. FORBUS: No. That the CVB brought  
23 to town. I mean just --

24 MS. THOMAS: In the past we have  
25 brought -- I don't know if you were here then. We had

1 the women on wheels. It was a biker group that came  
2 through. There are several different one. I can't  
3 think of anything right off hand right now. For the  
4 most part we help the service groups. Right now we are  
5 actually working on a very fantastic group, the Texas  
6 Liceum, and I don't know if you're familiar with them  
7 but they are coming in August. And we do things like  
8 tours that came in to do a site visit of the town. We  
9 took them on a tour. We showed them the different  
10 hotels. They're in the process of selecting where they  
11 want to stay and all of that. But in doing so they are  
12 coming. They might contact us but we do everything we  
13 can to make sure that they do book with us.

14 MS. HEILAND: And how do you -- can you  
15 hear me?

16 MS. THOMAS: Yes.

17 MS. HEILAND: How do you get those  
18 leads? You said you found one in a newspaper ad and  
19 that type of thing. But what has been your process to  
20 try to get new groups into town?

21 MS. THOMAS: There's different processes  
22 that you can utilize. There are different search  
23 engines that you can go into. TSCVB, which is one of  
24 our organizations that we belong to, they have a  
25 program called Tex-Met. I just recently went in and

1 did a search on military reunions. And actually the  
2 good thing about this particular search engine is that  
3 you can go in and see what type of pickup they have so  
4 you can know if it would be a good fit for your group.  
5 You see what type of meeting space. It's already been  
6 qualified as a group and you can pull that information  
7 off. So that's one reason -- one way for an event.

8                   This is our current page on our web  
9 site. It's a meeting planner page. And in there it  
10 lists all of the different things -- and I will pass  
11 this around so that you can get a little bit better  
12 look of it -- I mean at it. But it tells all of the  
13 different things. And this is actually on our web  
14 site. And most meeting planners do go to the web site  
15 and pull this type of information off. And they will  
16 contact you about booking groups. But it does tell all  
17 of the different things that we have to offer in the  
18 way of helping them with their groups. I will pass  
19 this around.

20                   This is a note, one of the examples I  
21 gave is about the university contacting us. This is  
22 from Greg Kinsey who had the National Junior College  
23 Association who was looking at us to come in and do an  
24 event here. Unfortunately we lost it because we did  
25 not have the meeting capacity to accommodate them. But



1 normally he would contact us. My first response  
2 usually is this, their requests for proposal so that we  
3 can find out what their needs are because that is  
4 usually what is included in there. This particular  
5 group did not have one but stated their information,  
6 what they needed. We replied back. Unfortunately,  
7 again, we lost the group.

8                   This is a call sheet that is at our  
9 front desk at the Chamber. Chris usually is the first  
10 contact when you walk in. When they are coming in  
11 looking for information about -- and the first thing  
12 they want is the give-mes. Give me, what do you have?  
13 What bags do you have? What can we give to our groups?  
14 And the first thing we usually try to do and that is to  
15 qualify them. There is a section on there that says  
16 have you booked hotel rooms? How many? What hotels?  
17 This particular one said that they had not and at the  
18 bottom they asked if we could help them in doing so and  
19 we did.

20                   This is an example of a letter of  
21 agreement that was sent to a hotel that was filled out  
22 and sent back to us saying what they can do, what rooms  
23 that they could book for this particular group. They  
24 sign it, they send it back to us, therefore, we have it  
25 on file to give to the meeting planner. This a similar

1 letter as well. And this one actually is thanking them  
2 for their commitment because this one was actually done  
3 over the phone rather than a letter.

4                Sometimes groups come in and they need  
5 to know right then. You talk to them on the phone and  
6 then I follow-up with a letter saying thank you for  
7 your commitment, can you please fill this out to make  
8 sure that we do have something on file for you. And  
9 then this is a confirmation that I have actually sent  
10 out that usually we have someone that has booked a  
11 group with us, I send them back a confirmation on what  
12 the hotels have committed to so they can have a grid of  
13 all the hotels, how many rooms they have all on one  
14 page.

15              Now, this is a sponsorship that we  
16 actually did this year. And we've been doing it for a  
17 couple of years. Now, this is Huntsville Baseball  
18 Association. And we help them by sponsorship. And the  
19 reason why we do that is because this past weekend -- I  
20 don't know if you noticed -- the Kate Barr Ross park  
21 was full of Little Leaguers and it was a tournament  
22 there. And we actually called around to get hotel  
23 rooms for them. And this is one way of helping them  
24 with their events so that we they bring more people in.  
25 And they have four more tournaments scheduled for this

1 year.

2 Conference marketing and servicing. And  
3 this is back to the postage and everything and how we  
4 service groups. The different things that we do and  
5 mail out for them.

6 Travel spending comparison by city. And  
7 I mentioned this to you earlier and I included four  
8 cities here including us; Nacogdoches, Conroe and  
9 Brenham. And as you can see, this is the city level.  
10 Normally we give you what the county level is of  
11 spending. And this is total travel spending. I'm not  
12 saying this is head and beds, this is total travel  
13 spending. And we are actually at ninety million for  
14 the entire county. But for Huntsville by itself, the  
15 travel spending is seventy million dollars. And as you  
16 can see Conroe is at the bottom here is forty-eight and  
17 these are all compatible to our market. We have  
18 Nacogdoches, which is at sixty, and then Brenham which  
19 is at sixty-five.

20 MR. FORBUS: That's -- excuse me, that's  
21 like gasoline bought on the freeway and --

22 MS. THOMAS: That's anything as it  
23 relates to travel spending, anything. Retail, it can  
24 be restaurants, it can be --

25 MR. FORBUS: Would that be restaurants

1 in town or --

2 MS. THOMAS: In town, in the city.  
3 That's actually in the City of Huntsville. Doesn't  
4 have anything to do with the county.

5 MR. FORBUS: Okay. So that's -- how do  
6 you break out travel, people that are traveling from  
7 local people who stop at a restaurant? How is that  
8 figured out?

9 MS. THOMAS: I would have to go back and  
10 (inaudible) -- zip code.

11 MR. FORBUS: So all of this is off of  
12 credit cards?

13 MS. THOMAS: This is done in the  
14 Governor's Office.

15 MR. FORBUS: This is off of credit  
16 cards?

17 MS. THOMAS: No.

18 MR. RAY: Is this the Runyon report?

19 MS. THOMAS: I'm sorry?

20 MR. RAY: Is this the Runyon Report?

21 MS. THOMAS: This is a new section of  
22 the Dean Runyon report that just recently came out.  
23 It's only been out a couple of months where they can  
24 break it down by the city. Normally we give it to you  
25 by Walker County. But we contacted the Governor's

1 Office and this is what they presented for us. And you  
2 can go on to their web site and I can provide that web  
3 site for you if you want and take a look at it for  
4 yourself.

5 MR. FORBUS: I was just wondering how  
6 cash is -- people go to McDonald's they don't usually  
7 use a credit card. I don't know --

8 MS. THOMAS: To be honest I would have  
9 to go back and read the report to really break it out.  
10 But it is on the Governor's web site, too, that tells  
11 you how they come up with these numbers.

12 MR. RAY: You're talking it is broken  
13 out by zip code as in the point of sale, not the point  
14 of origin of the purchaser, correct?

15 MS. THOMAS: Yes.

16 MR. RAY: So it doesn't matter. You  
17 can't tell where they are coming from. So it's the  
18 same muddled information as before. There is no way --  
19 I haven't seen any way to split it out and I don't  
20 think you guys have.

21 MS. THOMAS: I will say this, I know  
22 there is a lot of questions as it relates to this  
23 report. However, this is the report which comes from  
24 the Governor's Office which the State of Texas is  
25 governed by. You know, this is the reporting mechanism

1 that not only Huntsville but all of the different  
2 communities and counties actually refer to as it  
3 relates to spending and things of that nature.

4 MR. FORBUS: Not questioning -- I'm not  
5 questioning that. I think it's a good report. I think  
6 it is very good information. I think it is very  
7 important to the city to realize that we're -- seventy  
8 million dollars being spent here in Huntsville on gas,  
9 food, whatever. That's good information for the city  
10 to know that that money is being spent here. Now,  
11 whether it is being spent by travelers and or being  
12 spent by local folks it's hard to determine. But yes,  
13 that's good information, I agree.

14 MS. THOMAS: Of the following  
15 communities listed in the chart Huntsville has the most  
16 growth in the one year period from '07 to '08 and that  
17 was ten point three five percent.

18 MR. RAY: Don't you think that is  
19 because we built some hotels?

20 MR. FORBUS: Two hotels, two nice ones.

21 MR. RAY: Or is this a pure rate or is  
22 this a rate per capita?

23 MS. THOMAS: I would say it's because we  
24 do a great job of marketing Huntsville.

25 MR. BAINE: You don't think it has

1 anything to do with the university's law programs where  
2 they bring in all of the legal -- all of the police  
3 type people on the weekends?

4 MS. THOMAS: It's a combination of  
5 everything.

6 MR. BARRETT: I might just mention and  
7 I'm not a statistician. But when you do build two new  
8 hotels and your occupancy rate goes up that's an  
9 indicator I would think that you didn't have enough  
10 hotel space.

11 MS. THOMAS: Exactly.

12 MR. BARRETT: You would think if you  
13 over saturated the market, if you built new hotels my  
14 first instinct might be to go oh-oh, I wonder if the  
15 occupancy rates are going to dip before you they go up.  
16 But if you build two new hotels and the occupancy rate  
17 goes up then it seems to be a very positive sign that  
18 the city could stand to have even more. You haven't  
19 reached your saturation point yet. I'm out of my  
20 (inaudible).

21 MS. THOMAS: One of the other things as  
22 it relates to those four cities -- I won't get into all  
23 of this and I will make sure you have a copy of this,  
24 but this shows what you their market consists of,  
25 whether or not they have a conventions center, and I

1 think -- this information is invaluable, too. But it  
2 would tell you whether or not they have a convention  
3 center, what their tourist destinations are, what  
4 brings people to town based on those numbers that we  
5 presented before.

6                   Now, going forward. One of the things  
7 that I think is most important in going forward from  
8 here is the communication. A great dialogue between  
9 the city, the CVB and the Chamber of Commerce. We want  
10 to -- we want you to know everything that we do and the  
11 results we create. Tracking appears to be a vital part  
12 of communication which Connie adhered to -- I mean  
13 referred to earlier, to be a vital part of the  
14 communication process. And we will revamp our tracking  
15 efforts to insure that we are gathering enough  
16 information in our reporting to the city. And we will  
17 focus more on group booking. The HOT tax is only one  
18 percent of the overall city revenue but it develops  
19 economic -- and we got from your budget on your web  
20 site. It develops economic benefits for the entire  
21 (inaudible). We are proud to partner with the city in  
22 enhancing and promoting tourism and the convention and  
23 hotel industry. And I have to say that I am very proud  
24 as an individual to be (inaudible).

25                   MR. FORBUS: Well, we thank you.



1 MS. MONDAY: Charles, can I ask Kimm to  
2 clarify one thing, maybe? Kimm, would you speak to the  
3 importance of indoor rooms versus outdoor rooms? I'm  
4 sure you're all aware of that and if you're not it's a  
5 critical thing for the hotel-motel industry.

6 MS. THOMAS: Thank you, Ms. Monday.  
7 That is so vital. And that was taken into account when  
8 I talked about the qualified rooms for group bookings.  
9 Safety issues are very, very important to those who are  
10 traveling. And when you have more outside corridor  
11 rooms than you do inside corridor rooms less likely are  
12 they to book with you. And that's one of the issues  
13 that we do have here. The hotels, we have all inside  
14 corridors. But all of the remaining hotels -- what we  
15 have -- let me restate that. We have other hotels that  
16 have inside corridors. However, we have to be careful  
17 in our selection of them. And the other one that would  
18 be important in that inventory would be the CJ Hotel at  
19 the university. But, again, unfortunately, the booking  
20 there -- I mean the limitations there are high. Are  
21 there any other questions?

22 VOICE: One thing, Kimm, whenever you  
23 were doing your comparison, Mr. Baine mentioned that  
24 Sam Houston State had something to do with the hotels  
25 and everything. How many of the other towns have

1 colleges that were in that comparison?

2 MS. THOMAS: Nacogdoches have a college  
3 and Brenham have Blinn Junior College.

4 MR. BAINE: Our university has a very  
5 active law enforcement business. Talking to the hotel  
6 guys that's what they tell me is one of the reasons  
7 they have such good occupancy rates on the weekends.

8 MR. FORBUS: And Nacogdoches has a good  
9 forestry program being an old lumberjack myself.

10 MS. THOMAS: Why do you think I included  
11 that in the (inaudible)?

12 MR. FORBUS: Number D on this is  
13 questions and answers on submitted documentation and  
14 report. I was at the CVB meeting yesterday morning and  
15 I was asked if the reports looked fine and I said it  
16 looked okay to me but I'm not a financial guy. So  
17 after I got back I got home on my motorcycle -- because  
18 my car is in the shop, I think I have told everyone  
19 that, I got some e-mails asking -- saying that they had  
20 some concerns about (inaudible) so at this point there  
21 are probably some of the board members are going to  
22 request a little more in depth information. And I  
23 might myself but -- I think -- one question was about  
24 the, I know at the CVB board meeting there was a  
25 question about requesting information about the

1 Chamber's financial documents. And I responded that I  
2 wasn't a lawyer, that I would let our city attorney  
3 answer that question. And believe me I'm glad to off  
4 load it on him. So if the other members of the board  
5 have questions regarding the documents please start  
6 now.

7 MR. RAY: I will start, Mr. Chairman. I  
8 think I was the one behind pushing this a little bit.  
9 These -- to catch everybody up, we are dealing with  
10 hotel occupancy tax here. This is tax dollars. The  
11 legal requirements from the State, as we learned last  
12 time, are extremely strict. You could have read it  
13 before that and known that. And anytime you delegate  
14 these funds to an entity, such as the Chamber, there  
15 are some very strict statutory guidelines that kick in.  
16 We do have a contract regarding this and it mirrors the  
17 statute almost perfectly. And in some areas it is  
18 actually more strict. And this HOT Board was formed in  
19 part to determine compliance and accountability. And  
20 I'm glad you said you want us to see everything you're  
21 doing and communications. And we've been quite  
22 frustrated in the communication department determining  
23 compliance and accountability and what this money is  
24 being used for. And the monthly reports there are some  
25 interesting entrees. And we've asked questions and

1 we've gotten multiple answers for the same questions.  
2 So we thought it best if we just asked for the actual  
3 documents, themselves, so that we could do the math,  
4 match up the invoices. Because the only reports we've  
5 gotten so far are self-generated in someone's Quick  
6 Books or something somebody generated over at the  
7 Chamber. We haven't gotten the actual documents,  
8 themselves. I know Mr. Duke has asked for invoices,  
9 and it's not that he is being a pest or that we are  
10 micro managing, it is the same exact level of detail  
11 that is required for any other tax dollar the city  
12 spends. And Mr. Duke believes, as did the comptroller,  
13 that these funds require the same level. And you don't  
14 have to believe me. The law, itself, states that any  
15 delegated entity, along with you may not co-mingle it  
16 with any other money -- and by the way the law and the  
17 statute both create a fiduciary duty. So you're  
18 holding these funds as a fiduciary, which is the  
19 highest duty under the law. It says you must maintain  
20 complete and accurate financial records of each  
21 expenditure. That's not here is our advertising  
22 budget, here is our in-house budget. Each expenditure,  
23 Billy Bob's bill board service, three hundred  
24 ninety-five dollars a month, here is the November  
25 invoice. That's the detail Mr. Winston has been asking

1 for and hasn't gotten. And it goes on to say on  
2 request of the governing body of the municipality or  
3 any other person, shall make these records available  
4 for inspection and review. And the contract is a  
5 little tighter. It says the Chamber agrees to maintain  
6 complete and accurate financial record of each  
7 expenditure of hotel occupancy tax revenue made by it.  
8 And the very next paragraph, the Chamber agrees to make  
9 all financial records related to hotel occupancy tax  
10 available for inspection and review or any other  
11 person. And later says shall promptly produce such  
12 information.

13                   So we asked, city letterhead, dear Ms.  
14 Everett, in preparation for the HOT Board meeting, et  
15 cetera, et cetera, please provide the following. The  
16 first one; ledgers, accounts, statements, books, et  
17 cetera, for all managed HOT fund accounts for 2006, '07  
18 and '08. Did we get those?

19                   MS. THOMAS: Can you hear me? It was my  
20 understanding that everything was submitted to you. It  
21 was brought over to Stephanie Brim --

22                   MR. RAY: Did it look about this thick?

23                   MS. THOMAS: It was thicker than that.

24                   MR. RAY: Where is the rest of it?

25                   MS. THOMAS: I have no idea.

1 MR. RAY: Mine is all in one book.

2 MR. FORBUS: Mine is all in one book.

3 MR. RAY: Let we get to another specific  
4 one. The very next line, all associated bank  
5 statements containing HOT funds. Did we get that?

6 MS. THOMAS: Yes, sir.

7 MR. RAY: Would you show me one?

8 MS. EVERETT: I'm sorry, Mr. Ray. No,  
9 we did not get the bank statements because it is our  
10 understanding from our bankers on our executive  
11 committee that that is -- I mean, you wanted them for  
12 the Chamber as well. Those aren't occupancy tax funds.  
13 And we had our --

14 MR. RAY: Let me ask the question I'm  
15 asking and try to answer it.

16 MS. EVERETT: Uh-huh.

17 MR. RAY: The bank accounts that have  
18 HOT money in it, tax dollars are in bank accounts  
19 somewhere.

20 MS. EVERETT: Yes.

21 MR. RAY: That's the bank statements  
22 we're are asking for. Did we get them?

23 MS. EVERETT: I don't believe you did.  
24 And the only reason is because we had our accounts  
25 stolen earlier this year. And not the tourism things

1 but the Chamber account. We will be happy for somebody  
2 to come look at those but actually (inaudible) we felt  
3 like we were liable for this.

4 MR. RAY: Did -- your banks lost their  
5 ability to regenerate statements? Let's back up. How  
6 many bank accounts are there with HOT money in it?  
7 Real live bank accounts with different account numbers  
8 sitting in a bank?

9 MS. EVERETT: Two different accounts,  
10 two different banks. Our bookkeeper is here.

11 MR. FORBUS: I think our attorney had  
12 wanted some input here.

13 MR. SCHNEIDER: Specifically, the  
14 contract states the bank -- I mean that the city has  
15 the right to review the documents. Obviously, if the  
16 city funds in the bank account held by the Chamber, the  
17 bank certainly can produce those documents. They can  
18 redact my account numbers to prevent anybody seeing  
19 them and preventing any theft. In fact, this is what  
20 we quite often when somebody asks for city records  
21 under the public information act, if it contains  
22 personal information such as somebody's personal bank  
23 account number we redact it. And the AG allows us to  
24 redact it. So the same process can be followed here.

25 MS. EVERETT: (Inaudible) but nobody

1 said a word about it.

2 MR. RAY: Did you get this letter March  
3 27th, 2009?

4 MS. EVERETT: Yes, sir, I did.

5 MR. RAY: And it says all associated  
6 bank statements.

7 MS. EVERETT: (Inaudible).

8 MR. RAY: Are you saying you didn't have  
9 time to get the bank statements?

10 MS. EVERETT: No, I did not. I said we  
11 got that and I apologize you didn't get them. You can  
12 blame me, not you.

13 MR. RAY: The next request is for all  
14 credit card statements that are paid for with HOT  
15 funds.

16 MS. EVERETT: And you got those.

17 MR. RAY: All credit card statements  
18 that were paid for with HOT funds. Because in your  
19 ledger there is routine, I thought, rather large  
20 payments to pay off a credit card; twenty-eight  
21 hundred, twenty-four hundred, sixteen hundred, eighteen  
22 hundred, month after month, and I don't have any credit  
23 card statements to back that up. In fact, I don't have  
24 any credit card statements.

25 MS. EVERETT: We sent them over. I had



1 a copy of the ones we sent.

2 MR. FORBUS: Right here.

3 MR. RAY: That's not a credit card  
4 statement. I have a self-generated document. I do not  
5 have a statement from a credit card company.

6 MS. EVERETT: No, that's not  
7 self-generated. That comes directly from the credit  
8 card company, and there is a listing of those  
9 statements and we tell you what every expenditure and  
10 what that was for.

11 MR. RAY: What's been redacted?

12 MS. EVERETT: Things that were not HOT  
13 tax.

14 MR. RAY: So you're using a credit card  
15 to pay HOT fund items and other items?

16 MS. EVERETT: Yeah. But it's -- the  
17 credit card may be used in that case but the payment  
18 comes from one account or the other.

19 MR. LINDEMAN: So a payment for the  
20 month of March of 2007 would reflect only the expenses  
21 in that report that are May of 2000 -- or March of  
22 2007? Is that what you're saying? In other words, we  
23 could see somewhere where there was a payment for the  
24 HOT fund portion of that credit card out of a HOT fund  
25 bank account?

1 MS. EVERETT: Right.

2 MR. LINDEMAN: Right? That's what I'm  
3 understanding you. I'm just trying to understand what  
4 you're saying there.

5 MS. EVERETT: Yes. And if that wasn't  
6 enough information we are happy to provide more but  
7 nobody contacted us and said there was anything  
8 missing. And we're not trying to keep the bank  
9 statements from anybody. I was just advised that it  
10 wasn't necessary.

11 MS. HEILAND: Are there records of  
12 credit cards, in addition to the statements, in terms  
13 of the actual slips and all of that --

14 MS. EVERETT: Sure, absolutely.

15 MR. RAY: So you will be willing to give  
16 us the invoice as well as the statements, themselves?

17 MS. EVERETT: Absolutely.

18 MR. LINDEMAN: This may be a question  
19 for Leonard, but what would be in a bank account  
20 dedicated to HOT funds that would be a security risk?  
21 I guess if they transferred money electronically to  
22 another account, maybe that would be a risk. But what  
23 would be in a bank account that contains HOT funds that  
24 would be a security risk that we would have a concern  
25 about?

1 MR. SCHNEIDER: The only thing I could  
2 state is that the Attorney General and the legislature  
3 has enacted laws under the Public Information Act that  
4 whenever somebody requests that a bank account -- a  
5 check number -- let's say somebody requests a check  
6 from the city, payment of whatever funds. Normally the  
7 city is allowed to redact the account information.  
8 Your actual account information that would be used to  
9 transfer funds to give to another banking institution  
10 to put on line to pay a bill. And that's the  
11 information that they deemed to allow us to redact.

12 So I'm not a banker, but I would assume  
13 that that's the information they wish to keep  
14 confidential. And certainly it makes sense. I don't  
15 want anybody having my bank account number if I pay the  
16 city a check and somebody requests a copy of it.

17 MR. LINDEMAN: So it's electronic  
18 transfers is where you would run into that, right?

19 MR. SCHNEIDER: Yeah. For example, if I  
20 paid the city water bill and then Lanny decides to  
21 request my check that paid the city water bill, and I  
22 don't want Lanny to have my checking account number  
23 where he could use it some way electronically, the city  
24 can redact it.

25 MR. RAY: But not the amount or the fact

1 that the payment --

2 MR. SCHNEIDER: Not the amount or who it  
3 was paid to, no.

4 MR. LINDEMAN: It seems like that there  
5 ought to be a -- first of all we ought to be sensitive  
6 to the security issue. In this day and age by all  
7 means we should be sensitive to the security issue.  
8 But it seems to me like -- I mean, this is responsible  
9 government agency here. You're a responsible -- or  
10 they are a responsible community agency working under a  
11 city contract and the bank has security procedures. It  
12 seems like we ought to be able to set up some kind of a  
13 fairly simple security process that protects that  
14 information.

15 MR. FORBUS: I have a suggestion. If  
16 you're going to provide -- if we want to provide the  
17 total picture to someone we could provide it from the  
18 Chamber to Winston for his eyes only and he could  
19 verify everything and redact any kind of security risk.  
20 If he would accept that responsibility, I guess. I  
21 have given it to him without asking him.

22 MS. EVERETT: Be happy to. It was my  
23 understanding there were going to be multiple copies  
24 distributed.

25 MR. FORBUS: Well, yeah, we don't want

1 that.

2 MR. LINDEMAN: That would be a mistake  
3 to do that. Even if there was no security issue.

4 MR. FORBUS: Pass the information on  
5 after he has made it is secure. I think that would be  
6 the way to go. He's nodding so --

7 MR. RAY: You said a moment ago it was  
8 your understanding that we didn't really need the bank  
9 statements. Where did you get that understanding from?

10 MS. EVERETT: I'm sorry?

11 MR. RAY: A moment ago you said it was  
12 your understanding we didn't really need the bank  
13 statements even though we had asked for them. Where  
14 did you obtain that information from?

15 MS. EVERETT: I don't believe I said  
16 that. If I did I'm sorry.

17 MR. RAY: That's pretty much a quote.  
18 My understanding was you didn't need them. I was  
19 asking where you got that from.

20 MS. EVERETT: I apologize. That's not  
21 what I meant.

22 MR. RAY: And I just looked at these  
23 credit card statements, these purported credit card  
24 statements. They are only for about one year. They  
25 don't go back as far as we asked for. And I can't find

1 any payments listed on here. Again, quite frankly, I  
2 don't think this is a credit card statement. I think  
3 this is self-generated.

4 MS. EVERETT: No. We gave you three  
5 years of credit card -- three years of credit card  
6 charges directly from American Express. They generated  
7 the documents.

8 MS. HEILAND: This is end of the year  
9 statement.

10 MR. RAY: This is end of the year?

11 HEILAND: Typical end of the year  
12 statement that any card holder gets. I have seen  
13 those --

14 MR. RAY: I don't think any of these  
15 statements are going to be adequate because I can't  
16 match these up. I have a twenty-eight hundred dollar  
17 payment to a credit card and it's not on here.

18 MR. FORBUS: Total amount of twenty  
19 thousand one hundred -- (inaudible).

20 MR. RAY: Let's continue. We had asked  
21 for payroll expenses for CVB gift shop and Chamber  
22 employees. And the rational behind that was at several  
23 meetings you have told us the way you decide how much  
24 is the management fees is you subjectively determine  
25 the percentage of your in-house activities are being

1 directly used for tourism and you allocate that amount.  
2 We have the amounts you allocate but we don't know what  
3 a hundred percent is. So we can't verify that the  
4 twenty-three percent -- or actually it varies widely up  
5 to forty percent you have claimed in the last six  
6 months is accurate. And given the wide variations it  
7 seems a bit dubious. That's the idea for asking for  
8 the totals of your in-house Op expenses along with your  
9 employees expenses so we can do the math for ourselves.  
10 Because it looks like someone is having difficulty with  
11 it over there.

12 MS. EVERETT: We gave you the total  
13 Chamber compensation as well as everybody who is  
14 compensated with hotel occupancy tax.

15 MR. RAY: You gave us what?

16 MS. EVERETT: There is a copy --

17 MR. FORBUS: Dee, would you come and  
18 speak up here? I think -- yeah.

19 MS. EVERETT: I have a copy of the same  
20 report. And this is -- it says Huntsville Walker  
21 County Chamber of Commerce administration and operation  
22 expenses, January through December, 2008, is the one I  
23 have on top. There is also a 2007 and a 2006. In  
24 there we show you all of the Chamber's administration  
25 salaries, health expenses, all of that. And then we

1 show you the CVB administrative transfer and how much  
2 that is.

3 MR. FORBUS: Is that in this document?

4 MS. HEILAND: Is that it?

5 MS. EVERETT: Yes, that is.

6 MR. LINDEMAN: Where is it, Connie?

7 Where is it in there?

8 MS. HEILAND: It's in the very back of  
9 the skinny book. And I just found it today when I was  
10 going through this stuff after about four hours. So if  
11 that's it. Good, it's right before a blue sheet.

12 MS. EVERETT: From what I understand  
13 ya'll wanted to know the total salary dollars and  
14 compensation and other administrative expenses that the  
15 Chamber had and they are all lined out there.

16 MS. HEILAND: Okay. I see that there is  
17 a CVB administrative transfer of bonuses. And that's  
18 for several years, the years that you have provided us.  
19 And then you have the salaries for a total of  
20 two-hundred and eight thousand. And you will stand by  
21 that for each of the years?

22 MS. EVERETT: Stand by --

23 MS. HEILAND: Those numbers?

24 MS. EVERETT: Yes. These are our year

25 end --



1 MS. HEILAND: I guess I was curious.  
2 That's kind of what caught my interest and I realized  
3 what it was. So there were bonuses given to all the  
4 gift shop --

5 MS. EVERETT: Are you talking about the  
6 left-hand column?

7 MS. HEILAND: Yes. The bonuses under --

8 MS. EVERETT: That left-hand column,  
9 that was the Chamber of Commerce. The left-hand column  
10 that is all the Chamber of Commerce. The right-hand  
11 column is all the CVB administrative transfer. That's  
12 the money that goes into the Chamber for the contract.  
13 And that covers the salaries and the accounting and all  
14 that the Chamber does for the CVB.

15 So that total of fifty-seven thousand  
16 goes into -- that fee is paid to the Chamber for what  
17 we do as far as personnel and all of those things.

18 MS. HEILAND: So -- I'm sorry if I'm  
19 being -- there is a lot of material here to cover. So  
20 the -- your total salaries for the Chamber, every  
21 Chamber salary, is two-hundred eight thousand for  
22 January through December?

23 MS. EVERETT: Yes.

24 MS. HEILAND: And then this is the  
25 column, fifty-seven thousand zero one three twenty?

1 MS. EVERETT: Uh-huh. And that fifty  
2 seven thousand, if you recall when the comptroller was  
3 here, he said that if a person -- half of their time is  
4 spent on tourism then half of their salary plus half of  
5 their benefits should come from the hotel occupancy  
6 tax. We have a flat fee here and it does not cover all  
7 of those things in particular. We've always been asked  
8 to target it directly to the payroll, the salary  
9 expense of people who were doing that. And, you know,  
10 I will be honest, I would be more comfortable if we  
11 could say this person does twenty percent and this  
12 person -- but it is, you know, we are not a place that  
13 you can easily departmentalize or compartmentalize  
14 because, you know, whatever happens in a given day, if  
15 we have three or four people in the lobby, whoever is  
16 available is going to service them.

17 MS. HEILAND: Can I go add? I remember  
18 this point. Excuse me, I remember this point from the  
19 speech the last time. There is very simple ways to do  
20 that. You just keep track of your time during the day.  
21 I mean, there are some of us that do that every day.  
22 And you just keep track if you spend an hour servicing  
23 something you keep track of that. And what you're  
24 telling me is at this point you don't do that?

25 MS. EVERETT: No, we don't do that. I

1 mean, we have in periods just to kind of gauge where we  
2 were. But we haven't been doing that. But Kim's time  
3 is totally dedicated to CVB and then everybody else  
4 steps in to help as needed. And we don't cost out  
5 that -- those other salaries.

6 MS. HEILAND: So then how do you arrive  
7 at the percentage?

8 MS. EVERETT: How do we arrive at the  
9 percentage of our total salaries?

10 MS. HEILAND: Uh-huh.

11 MS. EVERETT: Well, we have just -- over  
12 the years we've had just an administrative fee that  
13 helps pay for the person who is the chief administrator  
14 of it. And, you know, we've been asked to direct it to  
15 certain salaries. And every year I have sent the same  
16 memo that says it is very difficult to say it's just  
17 this person and it's just this person. You know,  
18 believe it or not you have six people at the Chamber of  
19 Commerce who are helping do convention and visitors  
20 bureau. And if we started to say, you know, okay, this  
21 fifteen minutes on tourism and this, you know, it would  
22 cost a lot more, I promise you. But we have been asked  
23 to segment it to whoever is spending the time.

24 Shannon, our bookkeeper, she does a lot  
25 of her time generating financials, paying bills, you

1 know, all of the things that have to do with the --  
2 administering of the dollars that are there. And it  
3 takes an awful lot of her time. Because we also have  
4 the visitors center and the gift shop to deal with.

5 MS. HEILAND: I recall, I think it was  
6 in November, could be December, you said fifty percent  
7 of Shannon's time is spent on tourism related.

8 MR. FORBUS: Yes. It's on this page.

9 MS. HEILAND: Okay. That's how you've  
10 allocated it?

11 MS. EVERETT: Yeah.

12 MR. RAY: And the fifty-seven thousand  
13 we mentioned earlier, that does not include the visitor  
14 center's money that's also paid to Ms. Thomas?

15 MS. EVERETT: No, it doesn't.

16 MR. RAY: Which would bring the number  
17 to eighty-seven thousand, or roughly forty-two percent  
18 of your in-house budget. Using your numbers.

19 MS. EVERETT: Well, that is paying her  
20 her salary. This person manages the convention and  
21 visitors bureau. She also manages the visitors center  
22 and the gift shop. So there is three components to her  
23 job. There are three parts to her salary.

24 MR. RAY: That's correct.

25 MS. EVERETT: Pardon?

1 MR. RAY: That's correct. But her  
2 salary is entirely paid out of HOT money one way or the  
3 other?

4 MS. EVERETT: It is except gift shop  
5 funds are not necessarily HOT money. We don't have any  
6 HOT money budgeted in the gift shop.

7 MR. RAY: The question was Ms. Thomas'  
8 salary is a hundred percent paid with HOT money from  
9 one source or another, yes?

10 MS. EVERETT: I guess you can say that  
11 because it all goes in the same fund.

12 MR. RAY: And when you add that number  
13 and it's \$87,000 of your personnel expenses for the  
14 folks that work down the street here comes out of HOT  
15 money. You said \$57,000, you add in the other thirty  
16 that gets you \$87,000.

17 MS. EVERETT: Yes. But we don't just  
18 manage one place, though.

19 MR. RAY: That's not my question.

20 MS. EVERETT: Are you paying us \$87,000  
21 to do the job? Is that what you're asking?

22 MR. RAY: No. The question was quite  
23 specific. \$87,000 of your in-house personnel expenses  
24 comes from HOT money, correct?

25 MS. EVERETT: Of the people housed at

1 the Chamber?

2 MR. RAY: Yes, ma'am.

3 MS. EVERETT: I guess that's correct,  
4 yes.

5 MR. RAY: And if you add that back in  
6 it's not twenty-eight percent, that comes up to  
7 forty-two percent. Which is why -- you keep saying you  
8 do this by deciding how much, subjectively how much of  
9 your in-house OPs are dedicated to tourism but then you  
10 give us a number that's twenty-eight percent and it's  
11 really more like forty-two percent. We get to ask  
12 these questions but we have to.

13 MS. EVERETT: Absolutely. But we have  
14 three different budgets we work with. So it's really  
15 the semantics of it. And we would be happy --

16 MR. RAY: No, ma'am, it's not. It's all  
17 HOT money, it's all tax money.

18 MS. EVERETT: Not all of the money that  
19 we operate on --

20 MR. RAY: The money we are talking about  
21 here is just HOT money.

22 MS. EVERETT: It's the city's money but  
23 it's not technically HOT money. We don't spend HOT  
24 money in that budget. Now, if the city purchased the  
25 original inventory out of the HOT money I don't know

1 where that -- if that came out of the HOT money or came  
2 out of the general revenue. But there has never been  
3 anymore HOT money that has gone in the gift shop. I  
4 mean, we generate a substantial amount of money to make  
5 all of that work. We don't just take the salaries and  
6 go. We generate additional income into that. So when  
7 you say it's all HOT money, yes, the majority of her  
8 salary is HOT money.

9 MR. RAY: And you're in-house  
10 receptionist, one-hundred percent?

11 MS. EVERETT: We've been asked to  
12 dedicate it to a body. And if we have to dedicate it  
13 to a body it would be the receptionist. But that  
14 doesn't mean that somebody else doesn't step in to do  
15 that job as well.

16 MR. RAY: Who asked you to do that?

17 MS. EVERETT: I would satisfy every city  
18 manager I ever worked with.

19 MR. RAY: The city manager has asked you  
20 to do that?

21 MS. EVERETT: Yes. To dedicate it to  
22 bodies. And Winston has, too.

23 MR. RAY: Winston said pick one person,  
24 pin the tail on them and that's where it goes?

25 MS. EVERETT: He said tell us who you

1 would assign this money to.

2 MR. RAY: Well, that's not the same as  
3 telling you to pick somebody and use a hundred percent.  
4 Let me just cut to this. You're not telling us your  
5 receptionist spends a hundred percent of her time doing  
6 hotel stuff? Hotel tax stuff, are you?

7 MS. EVERETT: No. And I clarify that  
8 every time I send it in.

9 MR. RAY: But when we allocate HOT money  
10 hundred percent of her salary comes from it?

11 MS. EVERETT: Yes. Because that is so  
12 much simpler than if we say ten percent of this  
13 person's salary, twenty percent of this one's, thirty  
14 percent of that. And that is the only reason because  
15 it's simpler.

16 MR. RAY: So you think we just look in  
17 the aggregate all over, how many of the hundred percent  
18 is hotel tax?

19 MS. EVERETT: Look at the aggregate of  
20 our salaries?

21 MR. RAY: At the aggregate operations  
22 over there and how much is hotel tax valid and how much  
23 you do other stuff? You want us to look at the big  
24 picture instead of looking at individual? Is that what  
25 you're saying? Because if we look at the individual



1 it's wrong, right?

2 MS. EVERETT: Yes. It makes more sense.

3 MR. RAY: So you want to look at the big  
4 picture, yes?

5 MS. EVERETT: Yes. You're hiring six  
6 people to help do the job that you hired us to do.

7 MR. RAY: And that number right now is  
8 about forty-two percent?

9 MS. EVERETT: Forty-two percent of --

10 MR. RAY: Personnel costs?

11 MS. EVERETT: No, sir. Because the  
12 other thirty that you're talking about with her is not  
13 in this number.

14 MR. RAY: Where does it come from?

15 MS. EVERETT: It comes from the visitors  
16 center.

17 MR. RAY: Which is also hotel tax  
18 hundred percent, yes?

19 MS. EVERETT: Uh-huh. But it is not --  
20 I mean, we have people who work out at just the  
21 visitors center or the gift shop. And I really think  
22 it is just in the reporting that it's confusing. But  
23 we had a contract for tourism services, the addendum  
24 was added, and now we have three different statements  
25 because we are doing three different things.

1 MR. RAY: How many bank accounts are out  
2 there at the visitors center and gift shop?

3 MS. EVERETT: One. Right?

4 VOICE: (Inaudible).

5 MS. EVERETT: We have to have a separate  
6 one for credit card transactions so --

7 MR. RAY: But everything else is in the  
8 same bank account?

9 MS. EVERETT: Yeah.

10 MR. RAY: And the shop is not a HOT  
11 activity?

12 MS. EVERETT: No. But it's the city's  
13 money.

14 MR. RAY: I understand that. And the  
15 visitors center is a HOT activity?

16 MS. EVERETT: Yes. And we do have  
17 separation on the financial statements so you can see  
18 directly where that money came from.

19 MR. RAY: But the HOT money and the non  
20 HOT money are in the same bank account then?

21 MS. EVERETT: Yes. And they are all the  
22 city's money.

23 MR. RAY: And the gift shop shows a zero  
24 balance year after year?

25 MS. EVERETT: No, it does not show a

1 zero balance. Some years it will have a couple of  
2 thousand dollars profit. There have been two or three  
3 years where it had a little bit of a loss.

4 MR. RAY: And when there is a loss is  
5 that subsidized by HOT money?

6 MS. EVERETT: No.

7 MR. RAY: Or does it just run in the red  
8 for a while?

9 MS. EVERETT: It cash flows itself. It  
10 has ups and downs but it cash flows itself. We've  
11 never asked you for another penny for that. The money  
12 that stays -- there is a little bit of money that stays  
13 in the account from year to year so that we don't have  
14 to ever come ask for money if there is a cash flow  
15 problem.

16 MR. RAY: And when it makes a profit  
17 what happens to those funds?

18 MS. EVERETT: The money stays there and  
19 is still the city's money. We audit that every single  
20 year.

21 MR. RAY: Are there any transfers out of  
22 the -- well, how could you tell if they are the same  
23 bank account?

24 MS. EVERETT: Because we generate two  
25 different financial statements and that's what our CPA

1 has said is sufficient. We have two different  
2 financial analyses; one in the visitors center and one  
3 in the gift shop, so that we can see the separation and  
4 we know what was generated out of which.

5 Now, in the visitors center you not only  
6 have the hotel tax but you have the papers that we  
7 generate and the money goes straight to the city.  
8 We're selling bricks out there still and the money goes  
9 straight to the city. We have donations that we take  
10 in for tours that we do. We have donations that just  
11 come there to that site and all of the money is the  
12 city's.

13 MR. RAY: We also asked for transcripts  
14 and samples of media advertisements purchased with HOT  
15 funds except excluding the brochures that we've all  
16 got. Did we get a good sampling of those?

17 MS. EVERETT: Sampling, yes.

18 MR. RAY: And we also asked for any  
19 other document that could substantiate or support the  
20 contention that the HOT funds are being spent to  
21 directly promote the tourism and hotel industry. You  
22 didn't hold anything back did you? Except the bank  
23 statements we've already discussed and the credit card  
24 statements?

25 MS. EVERETT: I mean, we could show you,

1 you know, twenty-five years worth of stuff --

2 MR. RAY: We were specifically asking  
3 for three years in here.

4 MS. EVERETT: Right. Well, I mean, when  
5 you say a statement like that we don't know exactly  
6 what you're looking for. If you want something  
7 specific --

8 MR. RAY: Well, you were here when the  
9 comptroller said that one of the key parts is to come  
10 back after the fact and justify. And that's not just  
11 events, that's anything you're doing with it.

12 MS. EVERETT: Yes, sir.

13 MR. RAY: Well, that's what this is  
14 asking for. So we can come back and substantiate. As  
15 Ms. Heiland mentioned, if you had a phone log for your  
16 receptionists then you would know how much time she  
17 spends doing HOT activities and other activities as  
18 opposed to just the slag we are dealing with now.

19 MS. EVERETT: This report is in addition  
20 to the monthly reports and the annual report that we  
21 had given you. We made a budget presentation where we  
22 show you all of the things that we do in a year. And  
23 this is in addition to all of that. We have these  
24 books with all of our printing and the things that we  
25 promote Huntsville with.

1                   And I understand completely the heads  
2 and the beds. And, you know, I think Mr. Baine will  
3 back me up, that it is very difficult to figure out  
4 exactly how, you know, every single thing you do nets a  
5 head in a bed. It is likely to cause somebody to stay  
6 in your community. And a lot of the people that we  
7 promote to come because they have a really good  
8 impression of Huntsville and we've worked hard to make  
9 that happen.

10                   MR. FORBUS: I would like to interject  
11 something.

12                   MR. RAY: You want to go into some  
13 detail on that?

14                   MR. FORBUS: What I would like to ask, I  
15 know Kimm had said something about you had plans for a  
16 means of substantiating heads in beds. You were  
17 heading in that direction. What exactly are your plans  
18 to provide that? Get that information? Because I know  
19 it's going to be very important for you guys to operate  
20 a program, a project, that if you don't know if it's  
21 bringing anybody to town. And so, you know, we got one  
22 suggestion by the comptroller's representative and that  
23 was that you go out to the hotels and get  
24 questionnaires for the people who stay there. And that  
25 is a probably the best way. Now, do ya'll have any

1 other suggestions?

2 MS. THOMAS: I have gone back and  
3 formulated a survey already and I did not include it in  
4 here and that's because I'm still tweaking it. But I  
5 have gone back and formulated a survey to present to  
6 the hoteliers that will give us that type of  
7 information. Not only that, I have also gone through  
8 and established a booking survey that we can send out  
9 to different organizations and things of that nature  
10 about what type of meetings they have and gathering  
11 information so that we'll know who we can call on in  
12 order to get them here as well.

13 MR. FORBUS: See, I think that's going  
14 to be a very big key in any kind of a program that is  
15 funded by the HOT money is that we got to come up with  
16 some way of substantiating if we are putting heads in  
17 beds. Because as the comptroller said, an individual  
18 or a hotelier can come and make a lot of difficulty if  
19 they don't feel like we are spending the money  
20 correctly. So we want to make sure that we have as  
21 much substantiation as we can get.

22 MS. EVERETT: And we have not only that  
23 survey looking at the hotels but some other  
24 documentation that would be events that we, you know,  
25 are involved in or other things that happen that we

1 want to be able to demonstrate to you how many heads  
2 were in beds because of that event. Or because of  
3 that, you know, invitation or conference or what have  
4 you. And, you know, the measurement is something that  
5 is different from counsel to counsel.

6 MR. FORBUS: Well, we're kind of picky.

7 MS. EVERETT: It's your money. You can  
8 be picky.

9 MR. FORBUS: Absolutely.

10 MR. RAY: What measurements are  
11 different?

12 MS. EVERETT: What measurements are  
13 different?

14 MR. RAY: You just said the measurements  
15 are different from counsel to counsel.

16 MS. EVERETT: Well, I to be honest with  
17 you. Ya'll heard from one source on the hotel-motel  
18 tax. And he talked about the expenditures of the hotel  
19 tax. Now, we've been to several different, you know,  
20 seminars on the hotel tax and everybody has a little  
21 bit different interpretation. Every lawyer has a  
22 different interpretation of the same document, right?

23 MR. RAY: No.

24 MS. EVERETT: I don't agree with that.  
25 Why would lawyers --



1 MR. RAY: Everything that guy said is  
2 already in the contract and in the statute. He didn't  
3 say anything that we didn't already know.

4 MS. EVERETT: Yes. But he did say that  
5 it's up to you to determine if one head in a bed means  
6 it worked or if a thousand heads in a bed means it  
7 worked.

8 MR. RAY: Right.

9 MS. EVERETT: So it's very hard to be  
10 able to meet your expectations when your expectations  
11 have not been spelled out for us. We have an old  
12 contract that we've been trying to get updated for  
13 several years with the city. We've had several  
14 different city managers to deal with. So please  
15 forgive us if we don't know exactly what to do at this  
16 point. We've be told to answer to the city manager and  
17 ya'll are trying to learn the ins and outs of the hotel  
18 tax, something that we have made sure we knew.

19 MR. RAY: We're not here talking about  
20 certain events and whether or not they are putting  
21 heads in beds. I don't think anybody here is even  
22 questioning any of the events. I haven't heard them,  
23 not since I been on this board and I don't think I  
24 missed a meeting. The contract hasn't changed and all  
25 we are doing is what I started off saying,

1 accountability and compliance. The contract still says  
2 exactly what it says and we haven't deviated from it at  
3 all and don't intend to. The standards are the same.

4 MS. EVERETT: But your measurement is a  
5 little different. Do you not agree with that?

6 MR. RAY: Perhaps our scrutiny is a  
7 little heightened because of the perceived problem  
8 which has been validated. We have a problem here on  
9 accountability. We don't know what's going on with  
10 this money.

11 MS. EVERETT: Validated by whom?

12 MR. RAY: These are self-generated  
13 documents. We have to believe you to believe you.

14 MS. EVERETT: We have a CPA that audits  
15 us every year.

16 MR. RAY: He audits the books you give  
17 him just like he does mine.

18 MS. EVERETT: He comes into our office  
19 and works on it.

20 MR. RAY: He, himself, says it's not a  
21 compliance audit. He takes the numbers you give him  
22 and does a general accounting principles audit and  
23 gives you the final numbers and can run your 1065's, or  
24 whatever it is he does like he does with everybody  
25 else. Doesn't have anything to do with compliance.

1 And that's what we are here trying to determine, which  
2 is why we are asking these questions and I am running  
3 out of patience. You know, maybe you think it's okay  
4 to answer questions different ways every meeting and  
5 waste my time.

6 MS. EVERETT: Mr. Ray, that is not what  
7 I do. Sometimes we have -- we have overlapping budget  
8 years. And if the numbers change it's because the year  
9 changed.

10 MR. FORBUS: Well, I think we've -- it's  
11 time to move on to --

12 MR. RAY: Well, no, I think there are  
13 plenty of questions on the details.

14 MR. FORBUS: I mean into the details,  
15 move on to the details of the --

16 MR. LINDEMAN: Before we do that could I  
17 try one thing?

18 MR. FORBUS: Go ahead, sure.

19 MR. LINDEMAN: I got lost about fifteen  
20 minutes ago here to tell you the truth. I'm just a  
21 plain old country boy. I don't understand all of this  
22 high finance. Could I do something very simple, Dee?

23 MS. EVERETT: Uh-huh.

24 MR. LINDEMAN: Let me go back to the  
25 letter that was sent --

1 MS. EVERETT: Sure.

2 MR. LINDEMAN: And that you responded  
3 to. And let me go down the list and you just tell me  
4 your take on this.

5 On the first item that was asked for was  
6 the ledgers. Well, let's just take the ledgers.

7 MS. EVERETT: And those were all given.

8 MR. LINDEMAN: I agree. I think we  
9 should note for the record that the response on the  
10 ledgers was, as far as I can tell, one-hundred percent.

11 MS. EVERETT: Thank you.

12 MR. LINDEMAN: Account statements, I  
13 think --

14 MS. EVERETT: The bank statements, no.  
15 That's what we are lacking.

16 MR. LINDEMAN: Books -- well, there is a  
17 little bit of additional information. I don't know if  
18 that constitutes books. Do you have other books  
19 besides this that would shed light on this problem? Or  
20 this subject? Are there other -- I guess it's a  
21 variation of the question he asked. Is there other  
22 information that you did not give us other than bank  
23 accounts and credit card statements, which we  
24 understand why you didn't give those to us. Is there  
25 anything besides that that would shed light on this?

1 MS. EVERETT: I don't believe so. But  
2 if there is something else you want to look at --

3 MR. LINDEMAN: So the answer -- well, I  
4 don't want to look at it if it doesn't exist.

5 MS. EVERETT: I don't think there would  
6 be anything other than that.

7 MR. LINDEMAN: Okay. So the answer is  
8 that there are no books that would -- other than the  
9 bank accounts and --

10 MS. EVERETT: Yeah. And we keep  
11 complete yearly ledger books. You know, we keep all  
12 the financial documents.

13 MR. LINDEMAN: Okay. Now, then, the  
14 second thing was the bank statements. We've talked  
15 about that.

16 MR. RAY: We're going to get them in the  
17 morning?

18 MR. LINDEMAN: Yeah. We understood  
19 that. Credit card statements. Let me ask you  
20 something on the credit cards. I saw in here two  
21 credit -- a series of credit card charges, one for Kimm  
22 Thomas and one for Rhonda, I believe.

23 MS. EVERETT: Yes. Rhonda was in that  
24 position the first year that ya'll asked for it.

25 MR. LINDEMAN: Are those the only two

1 people that have used a credit card and put HOT money  
2 on it in the last three years?

3 MS. EVERETT: Yes, it should be.

4 MR. LINDEMAN: Okay. So no one else at  
5 the Chamber uses a credit card and that is paid for out  
6 of HOT money?

7 MS. EVERETT: No. I use a credit card  
8 in there -- I don't think there would be anything in  
9 there that would be HOT. We probably used mine at a  
10 time or two that we had to charge merchandise for the  
11 gift shop. But, you know, if that's the case we've  
12 been -- I mean, I don't know that we have any of that  
13 in the last three years.

14 MR. LINDEMAN: Okay. And the reason  
15 those two are the CVB, they were in the CVB, that's why  
16 they have the credit card privilege and no one else  
17 does, I gather?

18 MS. EVERETT: Yes.

19 MR. LINDEMAN: Okay. Payroll expenses  
20 for all CVB, gift shop and Chamber employees. There  
21 are a lot of payroll expenses reflected in the ledger  
22 and I think that's helpful. But one thing that I  
23 couldn't tell, at least in my review so far, is  
24 whether -- I assume that all of these payroll expenses  
25 that are reflected in here are paid for out of HOT

1 money?

2 MS. EVERETT: Yes.

3 MR. LINDEMAN: Yeah.

4 MS. EVERETT: Yes. And then this that  
5 has all of the chamber expenses so you will see what  
6 our total is.

7 MR. LINDEMAN: And that was very helpful  
8 to me, also. Those three pages that you refer to are  
9 total Chamber expenses?

10 MS. EVERETT: On the left-hand side.

11 MR. LINDEMAN: Right.

12 MS. EVERETT: And then the right-hand  
13 side is what we get from occupancy tax.

14 MR. LINDEMAN: I'm sorry, would you say  
15 that again?

16 MS. EVERETT: The right-hand side where  
17 you see CVB administrative transfer?

18 MR. LINDEMAN: Okay.

19 MS. EVERETT: It's got just three lines  
20 there that total what the administrative transfer is.  
21 And then the same down here. You have about six lines  
22 that show everything that would be in operations.

23 MR. LINDEMAN: Okay. So the left column  
24 is total and the right column is HOT?

25 MS. EVERETT: Is HOT, yes, sir.

1 MR. LINDEMAN: Okay.

2 MS. HEILAND: With one exception that  
3 thirty-seven -- I think I heard there is some money  
4 that is going to be in addition on the CVB side --

5 MS. EVERETT: Well, but that never goes  
6 to the Chamber. That goes to her because she manages  
7 the gift shop. It does not go to the chamber.

8 HEILAND: Not go to the Chamber.

9 MS. EVERETT: No.

10 MS. HEILAND: It's right out of the  
11 till? Is that what you're telling me?

12 MR. RAY: No. It's directly from the  
13 visitors center. You can see it in the ledger. They  
14 cut a check straight -- you get two checks?

15 MS. THOMAS: No. I get one check.

16 MR. RAY: One check? Okay, then that's  
17 not what's happening.

18 MS. HIGBIE: The Chamber transfers money  
19 to the visitors center to cover the Chamber portion and  
20 CVB portion and Kim's salary and the visitors center  
21 money comes from their account.

22 MR. RAY: So you get one check from the  
23 visitors center and the HOT CVB account transfers the  
24 other part up there?

25 VOICE: Yes.



1 MR. RAY: Okay.

2 MR. LINDEMAN: Okay. The -- I'm trying  
3 to decide on that number four, if that's -- if we got  
4 what we asked for or not. Payroll expenses -- number  
5 four was payroll expenses for all CVB, gift shop and  
6 Chamber of Commerce employees.

7 MR. RAY: In the aggregate.

8 MS. EVERETT: Not really?

9 MR. RAY: No, I said in the aggregate.  
10 We got a total. We didn't get a by name.

11 MR. LINDEMAN: Yeah. If we wanted to  
12 know -- I'm not saying we would ask this, but I'm  
13 saying if we wanted to know in September of 2007 what  
14 each of the employees got out of HOT money versus  
15 Chamber money, could we tell that from this report or  
16 is that something else you would have to give us?

17 MS. EVERETT: I guess it would be  
18 something else we would have to give you. But we --

19 MR. LINDEMAN: But the HOT portion would  
20 be here, right?

21 MS. EVERETT: Yeah.

22 MR. LINDEMAN: Yeah. The thing that we  
23 wouldn't have would be the Chamber contribution to this  
24 person's salary?

25 MR. FORBUS: The total amount, yes.

1 MR. LINDEMAN: I gather.

2 MS. EVERETT: Yes, I guess so. But, you  
3 know, it really -- you know, we've been asked to target  
4 it to particular bodies so we put it in those. Does  
5 that make sense?

6 MR. LINDEMAN: Well, I understand what  
7 you're saying. I don't know if I want to talk about  
8 that or not. I don't know how you artificially target  
9 money when people aren't doing what the law says. I  
10 mean, I just don't understand. I'm a country boy, I  
11 just don't understand that.

12 MS. EVERETT: Well, the job is being  
13 done. And the money, we place it on that person. But  
14 that person may be assisted by several other people.

15 MR. LINDEMAN: And that person may be  
16 doing other things besides --

17 MS. EVERETT: Right, yes.

18 MR. LINDEMAN: And that's okay to do  
19 that? Somebody has said that's okay to do that?  
20 That's not my understanding of this law. Help me,  
21 attorney.

22 MS. HEILAND: I think -- well, I'm going  
23 to go on a totally different direction. I think we are  
24 sort of getting off track here. I think it is  
25 something that there can be some recommendations on as

1 to how to handle this better because, obviously, you  
2 know, it's not meeting a lot of the requirements of the  
3 law in terms of being able to substantiate as it  
4 relates to the work being done. So it maybe a little  
5 tweaking but maybe that just needs to be a clearer up  
6 front rather than just left.

7 MR. LINDEMAN: Well, I thought that's  
8 what we were trying to understand.

9 MS. EVERETT: We'll be happy to  
10 re-evaluate.

11 MR. RAY: We'll see what Mr. Schneider  
12 has on that.

13 MR. SCHNEIDER: Was there a question  
14 that you want me to answer, sir?

15 MR. RAY: I think the question, if I can  
16 restate it was right now we are showing an individual  
17 as being financed one-hundred percent out of hotel  
18 money when we know they don't do one hundred percent of  
19 the job with the thought being that other people don't  
20 have any allocated to them but they are doing some. Is  
21 that okay to target it that way even though we know  
22 it's spread out?

23 MR. SCHNEIDER: I think -- I'm going to  
24 fudge a little bit, I'll be honest with you. Number  
25 one, the percentage that is paid from the HOT tax for

1 work done should be accurately kept and should be  
2 substantiated by documents.

3 I'll give you an example. If one person  
4 is funded one-hundred percent by HOT funds,  
5 realistically we all do not know that that person is  
6 not going to spend one-hundred percent time. But they  
7 should make an effort to spend all of their time on  
8 there. And if they are spending fifteen percent of  
9 their time or twenty percent of their time, or whatever  
10 percentage the law says is a little if-e on something  
11 else, that should be stopped. If what I said makes  
12 sense. So if they are spending -- if they are working  
13 forty hours and case law states that thirty-eight hours  
14 is okay, we all understand that two hours may be  
15 handled in a personal call or helping somebody else,  
16 and that's what you need to document. But they're  
17 spending a larger percentage of hours then you need to  
18 document that. And you need to probably state how much  
19 is being funded from the HOT tax versus how much is  
20 being funded from the Chamber funds.

21 MR. LINDEMAN: But we still have a case  
22 here where, as Lanny said, we have people being paid  
23 for a hundred percent out of HOT funds and they are not  
24 doing a hundred percent HOT work. I just don't  
25 understand how that's proper.

1 MR. SCHNEIDER: Again, the reporting  
2 requirements probably that you're requesting would be  
3 that there be some type of ledger kept. Just like when  
4 I bill my clients -- and Lanny made this point -- I put  
5 down the time I spend on each function. And I know  
6 it's a little bit of added burden, but that would be  
7 one way to do it.

8 MR. LINDEMAN: Yeah. But you would be  
9 paid appropriately according to what you did.

10 MR. SCHNEIDER: That's correct.

11 MR. LINDEMAN: By that scenario. And  
12 that's not what's happening here.

13 MS. EVERETT: See, it's a little bit  
14 different because, you know, I mean, then would you  
15 recalculate all of the compensation? I mean, we're  
16 technically we're being paid \$57,000 to administer all  
17 of the tourism programs. So would you want us to just  
18 keep records of every hour that that person or every  
19 half hour --

20 MR. LINDEMAN: In my mind the answer to  
21 that's pretty simple. The consultant we had here last  
22 week -- or last month was specifically asked that  
23 question. And he said you should pay the person in  
24 proportion to whatever amount of work that person does  
25 in HOT money. And he didn't put any fuzz on that

1 peach. That's the way I understood that.

2 MS. EVERETT: Yeah. But he also said  
3 that you pay a hundred percent of their benefits from  
4 that as well and we are not doing that.

5 MR. LINDEMAN: I didn't hear that.

6 MS. EVERETT: He said whatever  
7 percentage of the benefits --

8 MR. RAY: Yeah. He didn't say a hundred  
9 percent, he said whatever portion.

10 MS. EVERETT: Whatever percentage,  
11 right. And so, you know, all we are designating it is  
12 as salary.

13 MR. FORBUS: You know, the bottom line  
14 is that it might be a wash but we don't know.

15 MS. EVERETT: Yeah.

16 MR. FORBUS: So the only way to find out  
17 is to document the information.

18 MS. EVERETT: Be happy to.

19 MR. FORBUS: And then see what we can  
20 do. I think that's what we are going -- am I speaking  
21 correctly?

22 MS. SCHNEIDER: Yes. You would like to  
23 have some type of record to show compliance. The  
24 amount of records that you want shouldn't be too  
25 onerous. But they should be able to satisfy an audit

1 by a certified auditor.

2 MR. LINDEMAN: And should we not clear  
3 the air that going forward at least we ought to quit  
4 doing that? That we ought to pay the people in  
5 proportion to the amount of work that they are actually  
6 doing out of HOT funds? I guess we're asking --

7 MR. BAINE: We have a budget. So up to  
8 the limits of that budget.

9 MR. LINDEMAN: The question I'm asking  
10 is they have the impression -- the Chamber has the  
11 impression from us, apparently, that they are supposed  
12 to cook the books is what I'm going to say because that  
13 is sure what it sounds like. It may be cooking the  
14 books for convenience, but it's altering the books,  
15 let's put it that way. The Chamber thinks they have  
16 direction from the City of Huntsville to account for  
17 these funds in a different way than we were told last  
18 month by the State Comptroller's Office that you're  
19 supposed to account for these funds. Should we not  
20 clear the air that that is not the right thing to do?  
21 That we gave them bad advice before and as of going  
22 forward we recommend that they go back to the method  
23 that's consistent with what we were told by the  
24 Comptroller's office?

25 MR. SCHNEIDER: That would appear to be

1 a safe approved course.

2 MR. LINDEMAN: Mr. Chairman, I recommend  
3 we do that. I make a motion that we establish that  
4 that is the way we are going to proceed going forward.

5 MR. FORBUS: Do I have a second?

6 MR. RAY: Second.

7 MR. FORBUS: I would like to hear all in  
8 favor.

9 MR. BARRETT: Well --

10 (Discussion)

11 MR. BARRETT: We are voting, I guess,  
12 then on a recommendation?

13 MR. LINDEMAN: That's right. It's a  
14 recommendation.

15 MR. BARRETT: We are voting to recommend  
16 to counsel that this be -- we ask the Chamber to  
17 institute this additional documentation.

18 MR. BAINE: Would that -- this  
19 documentation is going to be in a new contract or just  
20 going to be a directive?

21 MS. HEILAND: Evidently the Chamber  
22 thinks they would like to have some contract language  
23 changed. They think it's possibly time to revisit  
24 it --

25 MR. RAY: The directive is entirely



1 consistent with the current contract.

2 MS. HEILAND: Is it?

3 MR. RAY: Yes. Because the current  
4 contract mirrors the law.

5 MS. HEILAND: Then I withdraw my  
6 suggestion.

7 MR. BAINE: We'll just make that  
8 directive to Winston that that is the way it is  
9 accounted. But I want to remind you that it's up to  
10 the limit of the budget. We have a contract with them  
11 that says so many dollars. It doesn't say so many  
12 people.

13 MR. RAY: Correct (inaudible). This  
14 isn't really a budgetary issue.

15 MR. LINDEMAN: I know. This is  
16 accounting within the budget. And it's more than just  
17 bookkeeping. It's actually the way the folks charge  
18 the money. Or the way the Chamber pays them.

19 MR. SCHNEIDER: I would just make one  
20 comment. The directive is fine. However, I think  
21 Winston can certainly contact the compliance auditor  
22 and find out what they suggest for other cities that do  
23 it so we don't reinvent the wheel --

24 MR. FORBUS: I think we'll be addressing  
25 something on a compliance audit through Winston pretty

1 soon so we can bring that to his attention then.

2 MR. LINDEMAN: Mr. Chairman, I have just  
3 one more question and then I would yield back.

4 MR. FORBUS: Go ahead.

5 MR. LINDEMAN: You said, Dee, this gift  
6 shop thing, I'm really confused. I would like -- at  
7 some point I would like to have a top down total  
8 briefing on how the gift shop is handled.

9 MS. EVERETT: We would love to give you  
10 one. We would love to.

11 MR. LINDEMAN: Let me ask just one  
12 question now. You said that there is no HOT money in  
13 the gift shop, I believe?

14 MS. EVERETT: No HOT money in our budget  
15 at the gift shop.

16 MR. LINDEMAN: Then would you help me  
17 understand all of these transfers in here to the gift  
18 shop from the visitors center that I see in this  
19 ledger? Well, first of all, is the visitors center  
20 strictly a HOT money account or is it --

21 MS. EVERETT: Visitors center is.

22 MR. LINDEMAN: Okay. Well then what  
23 would these transfers be? They appear to be -- they  
24 appear to be transfers of HOT money to the gift shop.  
25 And there are pages after pages of them in here going

1 back through all three of these years. So I'm just  
2 curious what these are.

3 MS. EVERETT: I would have to look at  
4 what you're talking about because I'm not really sure  
5 of what those would be. Now, there are instances  
6 where, you know, if there were an item that Kimm were  
7 purchasing for a conference that she was purchasing  
8 from the gift shop maybe that would be.

9 MR. LINDEMAN: Here is a whole page of  
10 them. In fact, there are two pages of them. This is  
11 in September of 2007 --

12 MR. FORBUS: I need to interrupt for a  
13 minute. I think there is a motion on the floor about  
14 letting Winston -- are we going to withdraw that motion  
15 at this time?

16 MR. LINDEMAN: I'm sorry.

17 MR. FORBUS: On the personnel --

18 MR. RAY: Accountability of the  
19 personnel.

20 MR. FORBUS: Accounting of personnel  
21 time.

22 MR. LINDEMAN: Well, I don't know as  
23 long as it is clear to everyone that the sense of this  
24 group, at least, is that from now on people should be  
25 paid in accordance with the work that they do.

1 MR. FORBUS: Okay.

2 MR. LINDEMAN: If we don't need a motion  
3 on that --

4 MR. FORBUS: Any motion at all, you want  
5 to withdraw it?

6 MR. LINDEMAN: I will withdraw it if  
7 it's the consensus that we don't need the motion.

8 MR. FORBUS: I think the attorney said  
9 we don't need the motion at this time. It's suggested  
10 that Winston get with the compliance auditor.

11 MR. SCHNEIDER: I think that the --

12 MR. BAINE: I think the tasking would go  
13 to the --

14 MR. SCHNEIDER: The tasking would either  
15 go to the city manager or to the counsel upon  
16 recommendation by this board.

17 MR. LINDEMAN: Okay. Back to this. We  
18 don't have to do it now but I'm having trouble in my  
19 mind relating this to what you said.

20 MR. FORBUS: Why don't you show her a  
21 copy of that.

22 MR. LINDEMAN: Okay. I refer you to  
23 page twenty-seven and twenty-eight, for example, of  
24 this sample pages of -- you can see what I'm talking  
25 about. You're reading it upside down.

1 MS. EVERETT: Yeah. It would be hard  
2 for me to know it offhand.

3 MR. LINDEMAN: These are all through  
4 here. I mean, there are page after pages of them.

5 MS. EVERETT: Well, that's why Shannon  
6 is here. She's our bookkeeper. I'm not the  
7 bookkeeper, but I'm sure she can answer.

8 MR. RAY: We don't have an answer what  
9 we are buying at the gift shop.

10 MR. FORBUS: Shannon is right here.  
11 Would you mind taking a look at this, Shannon, and give  
12 us --

13 MR. LINDEMAN: Here, look at this page.  
14 And just for the audience, what this page says, this is  
15 the general ledger from the visitors center and it's a  
16 list of puts and takes in the visitors center account.  
17 That is disbursements from and deposits to that  
18 account.

19 MS. HIGBIE: The heading on this account  
20 is accounts receivable from American Express. These  
21 are all charges where people purchased items in the  
22 gift shop. And the money is coming in from American  
23 Express to cover those charges.

24 MR. LINDEMAN: It's coming into the  
25 visitors center?

1 MS. HIGBIE: This covers everything.  
2 This visitors center and gift shop, this ledger does.

3 MR. BARRETT: So they charge it to  
4 American Express and American Express --

5 MS. HIGBIE: Issues a check directly  
6 to --

7 MR. BARRETT: -- a check to this account  
8 and then that is -- that's the refund to the gift shop  
9 because that's where the purchase originated?

10 MS. HIGBIE: Yes, exactly. It's  
11 covering the cost of merchandise.

12 MS. EVERETT: So the transfer is new  
13 money from somebody buying something. It's not HOT  
14 money.

15 MR. RAY: Those charges are deposited to  
16 the CVB account?

17 MS. HIGBIE: No. This is the visitors  
18 center account, not the convention and visitors bureau.

19 MR. RAY: The question arises because  
20 throughout here there are several transfers from the  
21 CVB general ledger over to the -- find one real fast.  
22 Statue gift shop, \$119, \$65.

23 MS. HIGBIE: That would be where Kimm  
24 purchased items from the gift shop to take to trade  
25 shows to give away as gifts to tourists coming to town.

1 MR. LINDEMAN: So there is -- in that  
2 case there is HOT money going into the gift shop?

3 MR. RAY: Yeah. To buy stuff?

4 MS. EVERETT: A purchase, yes.

5 MR. RAY: To buy your door prizes --

6 MR. LINDEMAN: Well, not every page that  
7 has gift shop is American Express. There is a bunch of  
8 other stuff in here. So I don't know -- I will look at  
9 it and see, but I would invite you to look at it, too.  
10 Because I just found that confusing. Okay, I yield.

11 MS. EVERETT: That's why we have a  
12 bookkeeper.

13 MR. LINDEMAN: Still sounds to me like  
14 co-mingling.

15 MR. RAY: It is.

16 MR. FORBUS: The floor has been yielded.  
17 Who would like to pick up the gauntlet?

18 I have a question. And I was just going  
19 through here and looking at -- well, it's office  
20 supplies, building equipment, utility, office  
21 equipment, computer expenses and insurance, taxes, that  
22 went from -- I'm sorry. It's on the bottom of that.

23 MS. EVERETT: Uh-huh.

24 MR. FORBUS: You see it there? Starting  
25 in 2005 and 6 it was twenty-one nine, in 2006 and 7 it

1 was twenty-seven six. And in 2007 and 8 it jumped to  
2 thirty-one four. It jumped -- I'm sorry, it jumped  
3 twenty-three percent between 2005-2006 and 2006 and  
4 2007. And another sixteen percent between 2007 and  
5 2007 and 8. The total jump in two years -- we've got  
6 three years, forty-three percent in expenses for -- and  
7 I don't know see the computer expenses having  
8 jumped that -- didn't jump that much. But insurance  
9 jumped, utilities jumped a thousand dollars between  
10 2005 and 6 and 2006 and 7. And another twenty-eight  
11 hundred the year between 2006 and 7 and 2007 and 8. To  
12 me that just seems like an awfully big jump in expenses  
13 2005, 2008. Is there a big reason for the expenses?

14 MS. EVERETT: No. Just the utility  
15 costs went up.

16 MR. FORBUS: That much?

17 MS. HEILAND: What years are those?

18 MR. FORBUS: Well, 2005 to 2006 and 2006  
19 to 2007. It's on that same page. The three pages.  
20 The figures are down there. So it seems to me like a  
21 tremendous jump. A thousand dollars and twenty-eight  
22 hundred dollars in utility expenses. I mean, if my  
23 bills jumped up like that I believe I would go talk to  
24 Entergy about it and see what the heck was going on.  
25 Maybe their meter is wrong.



1 MS. HEILAND: Or is this is just a  
2 budget form?

3 MR. FORBUS: No. That's just expenses.  
4 That's what the expenses were. Isn't it, Dee? Aren't  
5 those the expenses there?

6 MS. EVERETT: Are you talking about the  
7 right-hand column?

8 MR. FORBUS: Yeah. At the bottom,  
9 office supplies, building equipment, utilities. It was  
10 thirty-one four seventy-eight and then the year before  
11 it was twenty-seven six forty-one and then before that  
12 it was twenty-one nine. So just seems like a big,  
13 tremendous jump in expenses over -- actually a two year  
14 period.

15 MS. EVERETT: Can I look at the page  
16 you're looking at? I'm not seeing what you're looking  
17 at.

18 MR. FORBUS: Right here, see. See that  
19 figure there, that's from 7 and 8.

20 MS. EVERETT: Are you talking about this  
21 total number?

22 MR. FORBUS: Right.

23 MS. EVERETT: Okay.

24 MR. FORBUS: And then this total number  
25 is twenty-seven and this number was twenty-one nine.

1 MS. EVERETT: And those were increased  
2 as the total expenses of the organization in this area  
3 increased, the operations, utilities did get higher.

4 MR. FORBUS: So the utilities jumped up  
5 from -- looks like we picked up the whole utility bill  
6 here.

7 MS. EVERETT: No.

8 MR. FORBUS: Looks like here is your  
9 utilities --

10 MS. EVERETT: No, no, no.

11 MR. FORBUS: Here, let me show you where  
12 it -- where are the utilities? Here they are.

13 Forty-one to fifty-one. It went from -- here is your  
14 utilities, ten to eleven. So we picked up the whole  
15 thousand dollars -- actually it went up eight hundred  
16 and we picked up a thousand.

17 MS. EVERETT: If you gain from there you  
18 lost some elsewhere.

19 MR. FORBUS: But the bottom line it  
20 keeps increasing, tremendous. And that's forty-three  
21 percent in two years.

22 MS. HEILAND: These aren't actual  
23 numbers. This is what you just --

24 MR. RAY: Allocated?

25 MS. HEILAND: Allocated.

1 MR. RAY: This is another subjective  
2 percentage.

3 MS. HEILAND: This is another  
4 percentage. And how do you base the percentage?

5 MS. EVERETT: The total percentage is --  
6 the part of the Chamber that it takes to operate this  
7 function. And we have building maintenance. If you  
8 look at the total operations for the Chamber, if you  
9 look at, say, page -- 2008. If you look at that  
10 eighty-six thousand six forty-seven. The money that is  
11 paid by the tourism contract on the right-hand side,  
12 you only pay thirty-one thousand four hundred  
13 seventy-six for total usage of the building and any  
14 maintenance that we have, any office supplies, all of  
15 those things, it's that one sum.

16 MR. FORBUS: Actually -- paid in a  
17 separate -- all of that is paid separately by -- in  
18 another, the postage --

19 MR. RAY: That's the Chamber's part.

20 MR. FORBUS: Yeah, but our postage is  
21 paid elsewhere. So this eighty-six thousand that  
22 you're saying thirty-one percent is -- or thirty-one  
23 thousand is a part of isn't accurate?

24 MS. EVERETT: Okay. So you would back  
25 out the postage then.

1 MR. FORBUS: Probably telephone  
2 expenses, too. Don't we pay telephone out of something  
3 else?

4 MS. EVERETT: No. You pay the toll free  
5 line which is incoming and that's a separate line. But  
6 to postage is paid directly to the program for which it  
7 happens. It's not included in the operations.

8 MS. HEILAND: What I'm looking for is --  
9 somebody have their calculator out? Thirty-one is to  
10 eight-six. What's the percentage?

11 MR. RAY: I guess you would have to add  
12 them together to do the splits.

13 MS. HEILAND: I'm just wondering --

14 MR. FORBUS: No. You're pulling that  
15 out of here.

16 MR. RAY: No, that's not. Those are two  
17 separate.

18 MS. HEILAND: What I'm saying is, if we  
19 follow what I'm seeing is you cannot do allocations  
20 unless they relate to the amount of time spent on the  
21 benefit. I think that's one way of stating it. So we  
22 can look at that a little bit closely.

23 MR. RAY: Here's the question. We have  
24 seven thousand utilities and the rest of the entire  
25 functions is only ten thousand dollars, so almost half.

1 Six thousand building and equipment, nothing over here  
2 at all to pay for. Office expenses, seven thousand,  
3 office expenses nine-thousand, all in about forty  
4 percent.

5 MR. FORBUS: Okay. That was just a  
6 question in my mind.

7 MS. HEILAND: We'll fix that up.

8 MS. EVERETT: When you look at the  
9 building and equipment you have two different line  
10 items that go into that. You have equipment lease and  
11 then you have the building maintenance, and that's a  
12 combination of a couple of different lines. It's not  
13 just directly --

14 MR. FORBUS: Well, that was just the  
15 thing that just jumped out at me like, man, that  
16 certainly has jumped up a lot so --

17 MS. EVERETT: Well, there is an awful  
18 lot of traffic in our building with visitors.

19 MS. HEILAND: Can I ask a question about  
20 the eight hundred number? The eight hundred number is  
21 800-289-0389.

22 MS. EVERETT: Uh-huh.

23 MS. HEILAND: And this was the number  
24 that was put on the airing of the quilts and we didn't  
25 see that. That would be another ad that you all paid

1 for in the -- gosh, happened to get this out of the  
2 Chronicle spring bizarres and festivals. Okay. If you  
3 call that eight hundred number on the weekend nobody  
4 answers the phone.

5 MS. EVERETT: No. It's forwarded to the  
6 visitors center.

7 MS. HEILAND: No one answered. And  
8 there is no message on it says come see the festival.

9 MS. EVERETT: Was it between normal  
10 business hours, 8:00 to 5:00?

11 MS. HEILAND: Yeah. I'm not that early  
12 a riser. So yes, it was definitely between then. So  
13 you're saying that that -- normally that number -- you  
14 might want to check it.

15 MS. EVERETT: Absolutely.

16 MS. HEILAND: Because I checked it later  
17 in the week, too, and it came -- it went directly to  
18 the -- I guess the progression is it goes to the main  
19 Chamber office first?

20 MS. EVERETT: Right.

21 MS. HEILAND: But if no one is there --

22 MS. EVERETT: Chris forwards the phones  
23 when she leaves at night.

24 MS. HEILAND: So maybe it was just a  
25 forwarding glitch. But you might want to check that.

1 MS. EVERETT: Definitely.

2 MS. HEILAND: And it just seems to me if  
3 this is an incoming line for visitors why not put on a  
4 message on your line upcoming -- you know, it just --  
5 because you're going to have times on the weekend when  
6 the visitors center is not open, either. And just --  
7 that's something that I picked up when I was looking  
8 into that.

9 MS. EVERETT: That's a good point. And  
10 I really don't know why that didn't get forwarded but  
11 we'll check into it.

12 MS. HEILAND: Let's see, I got this --

13 MS. EVERETT: The message is important,  
14 too.

15 MS. HEILAND: Yeah. And I just was  
16 curious why there wasn't a message just like everybody  
17 has.

18 MS. EVERETT: Sure.

19 MS. HEILAND: We're not here at the  
20 time. Maybe that's not part of the service yet.

21 MS. EVERETT: No. We do have it.

22 MS. HEILAND: Well, thank you for  
23 calling, call back between such and such a time, that  
24 type of thing. Also, this is the kind of package  
25 you're talking about that. You call these fulfillment

1 packages or is that the phrase?

2 MS. EVERETT: In some cases, yeah.

3 MS. HEILAND: And I got this when I went  
4 to the round table, the history department. Just so  
5 that you all might want to see how they package some of  
6 the materials. There is a pencil in here, Huntsville  
7 Texas, dot com. That's some of the examples, some of  
8 the materials that we have. And this is just what you  
9 say that Sam Houston is pretty good about asking --

10 MS. EVERETT: Oh, yeah. They will tell  
11 us that they have a conference coming and how many  
12 people they expect to attend and, you know, make sure  
13 that it's an out of town conference.

14 MS. HEILAND: Well, it wasn't an out of  
15 town conference I can tell you that. It's mostly  
16 people --

17 MS. EVERETT: Well, we can only go by  
18 what they tell us.

19 MS. HEILAND: Well, just a suggestion.  
20 On your survey, if you're doing these fulfillment  
21 packets, I really -- this was a conference that was  
22 primarily faculty from the history department, local  
23 townspeople. There were some out of town people,  
24 right. There were moms of some of the kids -- they  
25 were giving speeches and there was an out of town --



1 couple of out of town speakers. I'm not saying that  
2 there weren't any out of town speakers. But it just  
3 may be another way to measure impact. You ask at that  
4 point --

5 MS. THOMAS: On the presentation it  
6 does -- on the call sheet we do ask that question.  
7 So -- but, again, it is based on what they tell us, you  
8 know. We don't ever want to say that is untrue so we  
9 do base it on what information they give us.

10 MS. HEILAND: I think that I probably  
11 helped stuff some of the bags with a lot of these  
12 materials already. So -- all right. I will let  
13 somebody else go on. I have a few things I want to  
14 check on in a few minutes. Oh, yes, the convention and  
15 visitors bureau. I take that back. The convention and  
16 visitors bureau has been in existence how long?

17 MS. EVERETT: Mid '70's.

18 MS. HEILAND: And it's made up of  
19 representatives from --

20 MS. EVERETT: All --

21 MS. THOMAS: Okay. The staff is a total  
22 of myself, Jaime, Shana and then we have four to five  
23 part-timers. Outside of that everything else is  
24 volunteer.

25 MS. HEILAND: But you have a board?

1 MS. THOMAS: I'm sorry, and Chris.

2 MS. HEILAND: I guess I was getting to  
3 the board.

4 MS. THOMAS: Yes. Our board consists of  
5 about twenty-five.

6 MS. HEILAND: (Inaudible). And the way  
7 I'm seeing the budget set up is you got part of the  
8 money now for the visitors bureau and then you got the  
9 visitors center and then you got the visitors gift  
10 shop. That's the way it seems to be separating out  
11 now.

12 MS. THOMAS: Yes.

13 MS. HEILAND: It's changed over the  
14 years. Okay. So the convention and visitors bureau  
15 has about eight people and then you have a board?

16 MS. THOMAS: Yes.

17 MS. HEILAND: Does the board review the  
18 budget?

19 MS. THOMAS: Yes.

20 MS. HEILAND: For this convention --

21 MS. THOMAS: Yes, they do.

22 MS. HEILAND: And they monthly look at  
23 the expenditures against that?

24 MS. THOMAS: Yes, they do. And Mr.  
25 Forbus has actually sat on our board the last what, six

1 months now?

2 MR. FORBUS: About four or five months.

3 MS. HEILAND: And they have always done  
4 that?

5 MS. THOMAS: Yes. As long as I know,  
6 yes.

7 MS. EVERETT: The Chamber board reviews  
8 it as well.

9 MS. THOMAS: Both the executive and the  
10 Chamber board, executive board and the Chamber board.

11 MS. HEILAND: And what kind of reporting  
12 do they get? Something like this?

13 MS. THOMAS: Pretty much what you  
14 receive and the monthly report that I --

15 MR. FORBUS: This is basically it.

16 (Discussion)

17 MR. FORBUS: It's basically this, right?

18 MS. THOMAS: Yes.

19 MR. FORBUS: Basically this report.

20 MS. THOMAS: With the financials  
21 attached it to and everything.

22 MR. FORBUS: Must have the loudest one  
23 in town.

24 MS. HEILAND: Since I really have --  
25 since I'm not on the counsel I wouldn't have seen your

1 budget presentation. Do you have a work plan with  
2 measurable goals every year of what you're going to do?

3 MS. THOMAS: Measurable, no.

4 MS. HEILAND: Okay. We're going that  
5 direction.

6 MS. THOMAS: Okay.

7 MS. HEILAND: It seems to me. The  
8 standards that would relate to activities that would  
9 directly -- meet the two pronged test, I guess we call  
10 it the two pronged test, okay. So I think that is  
11 something we could maybe talk more about, how we would  
12 go about having those measurable goals.

13 MR. FORBUS: I think Winston is going to  
14 address that in a few minutes.

15 MS. HEILAND: Great. Thank you.

16 MR. FORBUS: Anyone else?

17 MR. RAY: I have -- unless anybody else  
18 wants to go. Dick? Go ahead, Wayne.

19 MR. BARRETT: Well, something we haven't  
20 talked about because it's not our business to talk  
21 about it, but the Chamber of Commerce has a life,  
22 activities, a lot going on. It has a mission beyond  
23 the issues that we are talking about tonight. And so  
24 I'm just wondering, I guess, is there some overlap, in  
25 other words -- and I certainly don't anticipate that

1 any such thing is going to happen. But if the State  
2 ended the ability for us to even collect hotel tax, in  
3 other words, HOT money disappeared, would it be a part  
4 of the Chamber of Commerce's mission to do work --  
5 would the Chamber of Commerce consider it part of their  
6 interest to do work in tourism irrespective of whether  
7 or not there was a such a thing as hotel occupancy tax  
8 money?

9 MS. EVERETT: Yes. A Chamber of  
10 Commerce is here to help grow and develop the community  
11 and to make it a welcome place for visitors regardless  
12 of funding. And that's -- we want every business in  
13 this town to succeed and to do better regardless if  
14 they are a member of the chamber or not. That makes no  
15 difference. We want everybody to be a success here.  
16 We also want other people to know what a great  
17 community it is and would invite people to, in any  
18 respect, to come and visit our community. And I think  
19 that's one reason why, you know, half the chambers in  
20 the State are doing tourism as part of their program in  
21 cooperation with the city. Because we are a logical  
22 place for people to go first when they want  
23 information.

24 MR. BARRETT: Now, is there anything --  
25 I know a lot has come up tonight about changing the

1 paradigm a little bit.

2 MS. EVERETT: Uh-huh.

3 MR. BARRETT: For reporting and  
4 measuring. And you have -- you have answered a lot of  
5 questions. I appreciate that. I guess I'm just  
6 wondering, before we sort of close this out this  
7 evening and move on to something else, is there  
8 anything that's come up that -- related to what you  
9 would anticipate that we're wanting that you're not  
10 comfortable with or -- and that you would want us to  
11 talk about a little more or anything that has been  
12 mentioned that you feel like would be burdensome or  
13 just any response that you might have to the things --

14 MS. EVERETT: No. I think if anything  
15 we want more of a sense of direction out of counsel and  
16 out of this committee. And, you know, we feel  
17 sometimes like the stepchild over there because we  
18 don't have a clear sense of direction and this counsel  
19 so (inaudible) do what you want to see and what you  
20 know or don't know. You know, there was a time when  
21 everybody on counsel was involved in helping build the  
22 statue and build the visitors center and do all of  
23 those things. Ya'll weren't a part of that process so  
24 you don't know the evolution of the product we have  
25 now. But, you know, I believe in this industry as an

1 incredible industry for Huntsville, Texas, because we  
2 don't have the major manufacturers, we don't have those  
3 big tax, you know, those big taxpayers in our  
4 community. But we have -- I'm trying to think of the  
5 word. I'm losing it. But we can export tourism or  
6 import tourists into our community and we're growing  
7 the community in that respect. The money in the  
8 community. It's not just the HOT money that grows.  
9 It's the retail sales tax, it's all the taxes. And it  
10 puts money in the pocket of everybody in town whether  
11 they're involved in tourism or not. And there are  
12 people in this audience who have spent decades, and I  
13 mean decades, working on building the convention and  
14 visitors bureau. It's not me and Kimm or anybody, you  
15 know, one single person. It's a process that's been  
16 over the years and years and years. And, you know, I  
17 can stand before you and tell you that we very  
18 justifiably believe that we spend those dollars and  
19 will give you some measurable accountability. But it  
20 is a process that has evolved into what it is today.  
21 And a couple of years ago, as far as when Bob was our  
22 city manager and then it was Kevin, you know, we were  
23 trying to renegotiate the contract so it worked better  
24 for everybody and that didn't happen. And so, you  
25 know, we have what we have because it's accumulated

1 over a series of years. And, you know -- the statement  
2 was made that we opened the gift shop as a favor to the  
3 city. Couldn't be further from the truth. We didn't  
4 do it as a favor or for them. We did it because it was  
5 good for our community and because it was something  
6 that they needed somebody to do and we were the logical  
7 group to do it because, number one, it couldn't make  
8 money. Because there were bonds on that building.  
9 And, number two, we were the only game in town who  
10 wasn't there to make a profit but was there to get  
11 people to spend their money in the community. To go --  
12 I mean, that's why we had antiques on consignment out  
13 there. We had local craftsmen's things on consignment  
14 out there. You know, we tried to do -- have things  
15 that would exemplify our community and people would  
16 take home and, you know, (inaudible) would have a  
17 Huntsville, Texas shirt on or cap or what have you. So  
18 it's really part of the whole marketing of what we do,  
19 you know. And it is, you know, the comptroller said  
20 the other day it's more like an incidental to the  
21 visitors center. It's not the reason people go there,  
22 but it's very convenient for them and it helps showcase  
23 Huntsville and Texas. And our visitors have come from  
24 more than a hundred and ten foreign countries when they  
25 come to that statue. And if -- you know, and some of



1 these people back me up. If you weren't in Huntsville  
2 twenty years ago and you saw how many thousands every  
3 single day passed through Huntsville and didn't see  
4 what we have. Or maybe pulled off at McDonald's and  
5 got a cup of coffee. That was before we had all the  
6 road reconstruction going on. But maybe just popped  
7 off at McDonald's and then kept going. But now they  
8 see we have a visitors center. We have something of  
9 attraction to them. They stop there and we can sell  
10 Huntsville and market Huntsville to them. And they may  
11 not be going to a hotel directly from there that day.  
12 But I can promise you numbers of people have come back  
13 here because we keep trying to grow the product. We  
14 keep trying to add. I mean, we've got a beautiful  
15 veterans museum coming on line, beautiful. And we have  
16 a veterans conference center now. We have the prison  
17 museum up. We have the Sam Houston museum. You know,  
18 those are things people want to come see. They're  
19 historical, they're cultural. And so we have a whole  
20 product that we try to base all of that on. And it is  
21 very hard for any community our size to say, you know,  
22 okay, that brochure put a head in that bed that night.  
23 It's not easy to measure. What we can measure, though,  
24 is the increase in the industry from one year to the  
25 next. And like it or not, it's the only measurement

1 tool that is the same in every community. And Lois  
2 Kolkhorst is the tourism caucus chairman. And she sent  
3 out a packet the other day that was all about Texas  
4 tourism and what it puts in the local economy and she  
5 used the same Dean Runyon report we do.

6 MR. FORBUS: Yeah.

7 MS. EVERETT: It does not count every  
8 citizen who goes to the gas pump. It's very  
9 methodical. It's done by an outside company. And that  
10 is the measurement tool that we have that can show all  
11 of it. Does every dollar in there get spent because of  
12 what we do? Of course not, of course not. Every  
13 Coca-Cola somebody drinks doesn't happen because of  
14 that ad that they place today. But it's a bigger  
15 picture. It's a whole product. And, you know, we get  
16 criticized sometimes, you know, well, why do you have a  
17 Dallas brochure in your visitors center? Because we  
18 want them to cross sell us just like we cross sell  
19 them. When they think of a smaller community they want  
20 to go and stop in and spend some time, we want the same  
21 reciprocal from them. And it works. Because we have  
22 built these networks up over all the years. We're part  
23 of the Texas Forest Trail because you have many  
24 communities that have attractions in the forest  
25 industry and somebody can do that sort of thing and

1 it'll take them from one end of Texas to the other.  
2 And we're a part of that, you know. And we hope that  
3 they spend the night with us but it may be this trip  
4 around they spend it in Lumberton or what have you.

5 MR. FORBUS: And I think probably that  
6 information you're putting together to go out to the  
7 different motels as far as why did you come to town?  
8 Well, I came back because of something that I saw  
9 earlier. Or I came back because of some other event  
10 that is going on or, you know, whatever. That kind of  
11 measurement is what we really need. Like you said, I  
12 think the Runyon report is very good information for  
13 the community. It doesn't tell you exactly who is  
14 spending money and how it is being spent, but it is  
15 good to know that that kind of money is being spent  
16 here in town. I think it helps our business people  
17 along with some of the leakage reports I think that is  
18 going to give people an idea whether they need to  
19 locate their businesses here. So I think that is good.  
20 I believe that anything we can do as far as bringing  
21 tourists to town, whether they are local -- local, not  
22 local tourists, but within the radius, short radius,  
23 and eat here or buy something here, I think that's a  
24 great accomplishment. They come here to see a museum  
25 and then grab a bite somewhere, that's money in the

1 pocket of the businessman. So I have no problem with  
2 that kind of --

3 MS. EVERETT: And, Mr. Barrett, I can't,  
4 you know, really answer for what the whole chamber  
5 board will want us to do with any of the information.  
6 But I do know that they take this contract, you know,  
7 very seriously. We want to do the right thing. And we  
8 want you to tell us what the right thing will be,  
9 what terms (inaudible).

10 MR. BARRETT: And I just wondered if  
11 there is anything off the cuff, you know. We mentioned  
12 some things tonight about some record keeping and time  
13 keeping. So, you know, I think we're not maybe going  
14 out of here with everything nailed down but with  
15 certainly an idea of the type of --

16 MS. EVERETT: Absolutely.

17 MR. BARRETT: -- documentation that it  
18 looks like we're going to need to be in compliance. So  
19 I just wanted basically your reaction to that just to  
20 see if you saw anything immediately that might present  
21 a problem or if it sounds like something that ya'll  
22 will be able to slide into without too much trouble.

23 MS. EVERETT: Well, and I have to be  
24 real honest. Ya'll don't compensate my time at all, at  
25 all. And if I have to keep track of all the time that

1 I spend in tourism it's going to be substantial.

2 MR. FORBUS: And you should. You know,  
3 that's part of the costs, part of the expense of doing  
4 the -- bringing people to town.

5 MS. HEILAND: But up to the budget.

6 MR. FORBUS: Up to the budget.

7 MS. EVERETT: Yeah. But I'm saying --  
8 yeah. We're trying to do it as economically for you  
9 and that's --

10 MR. LINDEMAN: If it's any consolation  
11 to you we're not getting paid for this, either.

12 MS. EVERETT: I know, I know.

13 MR. FORBUS: Trust me. But one thing --  
14 all we're really concerned with is transparency.

15 MS. EVERETT: We are, too.

16 MR. FORBUS: Yeah. And we want to make  
17 sure that we are in compliance because it could cause  
18 legal ramifications that we do not want. Like the guy  
19 said, it could be an irate citizen or it could be a  
20 hostile hotelier. And, you know, we don't want that.  
21 We don't want to run into that because then you start  
22 getting into legal expenses that we just can't afford  
23 it. This guy is expensive and we don't want to go any  
24 further than that.

25 MS. EVERETT: He's been marking every

1 fifteen minutes.

2 MR. SCHNEIDER: Six.

3 MR. BAINE: He does. He sends us a bill  
4 about every other week, a draft and then a final one.  
5 He does a pretty good job, actually.

6 MR. FORBUS: He's a good resource.

7 MR. BAINE: So far he's cheaper than our  
8 last one (inaudible).

9 MR. FORBUS: I want to yield the floor.  
10 So anybody now before it's over?

11 MR. LINDEMAN: I have a couple more  
12 loose ends here. We're obviously not here to do a  
13 detailed audit. We're just trying to begin to get a  
14 feel for the group picture. But would you say a few  
15 general words about what should a taxpayer --

16 MS. EVERETT: Uh-huh.

17 MR. LINDEMAN: -- in the City of  
18 Huntsville make of a few charges like this that are on  
19 the ledger? And I'm not saying there is anything wrong  
20 with the charges. I'm just asking for what would be a  
21 kind of the rational. There are a lot of charges on  
22 here to restaurants, for example. Shipley's Donuts.  
23 And I have learned so far that the key to all of this  
24 is this number column here, the third one from the  
25 left. Because if you follow the numbers you can go

1 find out what that was for. And here, for example, is  
2 a Shipley's Donut charge of \$14.98.

3 MS. EVERETT: Uh-huh.

4 MR. LINDEMAN: And it's for a CVB  
5 meeting.

6 MS. EVERETT: Yes. That's all our  
7 volunteers fed.

8 MR. LINDEMAN: Okay. So we're paying  
9 the volunteers. That's what that's for.

10 MR. RAY: No, we're feeding them, not  
11 paying.

12 MR. FORBUS: I've had a few kolaches.

13 MS. EVERETT: Yeah. He's down for  
14 several of them.

15 MR. LINDEMAN: Okay. How about the  
16 Rotary Club? I mean, I'm just going down the list.  
17 I'm not picking on anybody, I'm just going down the  
18 list. That's the next one I saw. Here we gave \$75 to  
19 the Rotary Club out of HOT money.

20 MS. EVERETT: That was probably when  
21 Rhonda was a member and she was the -- she was a member  
22 of Rotary and that was her association dues. Is that  
23 in '06?

24 MR. LINDEMAN: That's in '06, yeah.

25 MS. EVERETT: Yeah.

1 MR. LINDEMAN: Her association dues?

2 MS. EVERETT: Yes.

3 MR. LINDEMAN: What association dues?

4 MS. EVERETT: To the Rotary. She  
5 represented Huntsville Convention and Visitors Bureau  
6 in the Rotary Club.

7 MR. LINDEMAN: Would that be a  
8 legitimate expense?

9 MR. RAY: No.

10 MS. EVERETT: She worked on conferences  
11 for the Rotary Club. She helped recruit different  
12 people to come to Huntsville for our Rotary Club for  
13 different reasons. And part of the whole convention  
14 and visitors bureau product is the people in your  
15 community. If they don't know what is here to sell and  
16 to do then they won't refer other people and that word  
17 of mouth is your very best advertisement.

18 MR. RAY: Can I interrupt here for a  
19 second? Because we keep hearing wonderful anecdotal  
20 evidence about how this word of mouth gets out. But  
21 the law is very clear and the comptroller was very  
22 clear. That's why they use the term directly.  
23 Indirect gets us cooked. And everything you just  
24 described is a hundred percent indirect. It has to be  
25 directly related to tourism. It can't be that we're



1 going to go stand on the street corner and scream and  
2 hope somebody hears it and they go out of town and tell  
3 people. It's got to be directly related. And you can  
4 go look at what happened to San Antonio when they  
5 didn't keep up, they don't have any. Sorry, go ahead.

6 MR. LINDEMAN: McKenzie's Bar-b-que?  
7 Seventy-five bucks to McKenzie's Bar-b-que.

8 MS. EVERETT: I don't know what that was  
9 coded to. Sometimes it is a conference that we're  
10 helping to host a reception for in some way, it's an  
11 event. You know, I can't detail those specifically.

12 MR. LINDEMAN: I can't help you there.  
13 I don't know where that number --

14 (Discussion)

15 MR. LINDEMAN: I just happened to pull  
16 the first one, September, 2006.

17 MS. EVERETT: We do take volunteers to  
18 the visitors center.

19 MS. THOMAS: That was actually, I  
20 believe, a San Marcos group that came on board, a group  
21 that came in, and we had dinner -- I mean lunch. And  
22 we provided the lunch for them at the Wynne Home.

23 MR. LINDEMAN: Good memory.

24 MR. FORBUS: Was that the baseball  
25 meeting?

1 MR. LINDEMAN: Curiosity, did they stay  
2 overnight?

3 MS. THOMAS: They did stay overnight.

4 MR. LINDEMAN: All right, so we're all  
5 right. That one's okay (inaudible). Some of just  
6 these seem fairly legitimate just on the surface.  
7 Sam's Club, I guess we're -- \$107 at Sam's Club.

8 MS. THOMAS: Probably servicing a group  
9 or something. Supplies for a meeting or event.

10 MR. LINDEMAN: Yeah. I guess we could  
11 follow the money here. I'm just trying to get a  
12 general feel. Here is my friendly statue gift shop  
13 again. There are several of these -- now, this is in  
14 the CVB part of this. There is Shipley's Donuts again.  
15 Gift shop again. Betty Nelson.

16 MS. EVERETT: Betty gets mileage because  
17 she is representing us as the Central Texas Bluebonnet  
18 Travel Counsel.

19 MR. LINDEMAN: There is Rotary Club  
20 again.

21 MS. EVERETT: That had to be back in  
22 '06.

23 MR. LINDEMAN: Yeah. This is '06.

24 MS. EVERETT: Kim's not a member.

25 MR. LINDEMAN: Mr. Gatti's Pizza, \$30.

1 MS. EVERETT: Meeting.

2 MR. LINDEMAN: Heartfield Florist, \$40.

3 There is just a lot of those kind of things in here  
4 that you just kind of wonder about.

5 MS. EVERETT: One of the things like if  
6 there is a conference or something and they ask us to  
7 help with the reception, or what have you, you know, we  
8 might spend a hundred dollars and they are spending,  
9 you know, a thousand dollars on ten rooms, you know. I  
10 mean, that's just a simple analogy. But -- and that  
11 would be when we would have to buy some of those things  
12 for hospitality.

13 MR. LINDEMAN: Would we have records  
14 laying around like you talked about where we know that  
15 that money was spent to host a group of people from San  
16 Marcos and they did, in fact, stay overnight?

17 MS. THOMAS: Oh, yes.

18 MR. RAY: Make the comptroller happy.

19 MR. LINDEMAN: So we could -- you could  
20 show us a few of those kind of things. That might help  
21 a little.

22 MR. FORBUS: Would you like to have --  
23 can you provide some of that information?

24 MS. HIGBIE: Sure.

25 MR. FORBUS: Okay.

1 MS. HEILAND: I have -- also going down  
2 that track, I have pink marks all over here for things  
3 like The Gallery. That's a frame shop. The statute  
4 gift shop. And is it correct, if you're buying a --

5 MS. THOMAS: We do through some of the  
6 different events and things that we attend we might  
7 sponsor, in order to get our name out there -- what do  
8 you call it, give away for silent auction or something.  
9 And we might have to have a print framed or something.  
10 So that might be why to Gallery is in there. Just  
11 different scenarios there.

12 MS. HEILAND: Those will be for local  
13 activities?

14 MS. THOMAS: No. I'm talking about like  
15 when I go to like TTIA or TACVB and those events, unity  
16 dinner, silent auction through TTIA, those type of  
17 events.

18 MS. EVERETT: And sometimes like we have  
19 a resident here who goes to a conference and is trying  
20 to promote our community, when they go and so they ask  
21 for something.

22 MS. HEILAND: So we're subsidizing  
23 statute visitors center with HOT money?

24 MR. RAY: Yes.

25 MS. HEILAND: And things.

1 MR. RAY: We're getting stuff for it but  
2 we are.

3 MS. EVERETT: We're making purchases  
4 there at a reduced rate.

5 MS. HEILAND: I don't know, I suppose --  
6 the Huntsville High School Grenadier Gard, one-quarter  
7 page ad, September 30th, 2008.

8 MS. EVERETT: Those are in the programs  
9 that go to away games and in Huntsville games.

10 MS. HEILAND: And away games?

11 MR. RAY: How far away?

12 MS. THOMAS: Outside of Walker County.

13 MR. RAY: Madisonville?

14 MS. HEILAND: Madisonville Meteor?

15 MS. EVERETT: Advertising.

16 MS. HEILAND: KSAM?

17 MS. EVERETT: We've advertised for the  
18 visitors center there.

19 MR. RAY: Let's talk about that a  
20 second. I notice that and I've got this on here and  
21 highlighted and underlined. I notice that starting in  
22 early 2007 we start seeing payments -- this isn't from  
23 the visitors center, this is from CVB budget --  
24 directly to both the Huntsville Item and to KSAM. And  
25 turning to KSAM, they start rather abruptly in January

1 and they're recurring, totaling about sixteen hundred  
2 forty-five one year and then sixteen hundred the next  
3 year. I filtered through here and the only ad I found  
4 was the one you talked about coming out to our visitors  
5 center, shop locally. So I don't think that's one of  
6 these. What is the radius on KSAM?

7 MS. THOMAS: Goes to Conroe and  
8 Madisonville, I guess.

9 MR. RAY: You're asking people, putting  
10 out ads come stay in Huntsville from Conroe, assuming  
11 it goes that far, which I don't believe it does.

12 MS. THOMAS: Oh, it does.

13 MR. RAY: Not on my radio. You lose it  
14 somewhere between Willis and Conroe. Regardless, how  
15 many other radio stations get HOT money?

16 MS. EVERETT: Any that we advertise in.  
17 But Kimm made the -- she placed the ads, not me.

18 MR. RAY: How many other radio stations  
19 have we paid HOT money to advertise?

20 MS. THOMAS: I can only think of one  
21 other that we paid. And I can't remember exactly when  
22 we did it. I want to say it was sometime during last  
23 year. And it was -- I can't think of the name of the  
24 radio station but it's out of the Woodlands.

25 MR. RAY: Is it local?

1 MS. THOMAS: Out of the Woodlands and it  
2 reached all of Houston. And it was during the time for  
3 the Airing and Folk Festival.

4 MR. RAY: Let's get back to --

5 MS. THOMAS: I do want to say something  
6 here as it relates to that. During my first year and  
7 part of my second year some of the codings -- and I'm  
8 going to be totally honest here -- were misrepresented.  
9 Not purposefully, but we have a marketing one and then  
10 just learning the ins and outs of how to code things  
11 according to CVB, gift shop, visitors center, there  
12 will be some errors in there. And I'm going to be  
13 totally honest about that. And that was to my not  
14 knowing or not fully understanding where each thing  
15 lie -- or lay.

16 MR. FORBUS: Learning experience.

17 MS. THOMAS: Learning experience. So it  
18 will be some -- especially the end of 2006 and  
19 beginning of 2007. You're probably going to see a lot  
20 of different things there.

21 MR. RAY: That's fine because these  
22 permeate all the way through 2008.

23 MS. THOMAS: Okay.

24 MR. RAY: And continue apparently  
25 through the current day. The question is how can we

1 possibly justify giving money to one radio station and  
2 one only with the limited radius and claim it's  
3 directly related to tourism? A station that happens to  
4 be managed by your husband.

5 MS. THOMAS: Some of that is due to  
6 when -- and I can pretty much say pretty much all of it  
7 is probably when the teams were in playoffs or  
8 something of that nature and they were broadcasting  
9 from abroad.

10 MS. EVERETT: Whenever our teams like  
11 the --

12 MR. RAY: I'm sorry, broadcasting from  
13 abroad?

14 MS. THOMAS: Well, they would travel to  
15 the games and broadcast them.

16 MR. RAY: Broadcast them here. They are  
17 not renting tower space in, say, Dallas.

18 MS. EVERETT: They broadcast them on the  
19 internet.

20 MR. RAY: On the internet?

21 MS. THOMAS: Yes.

22 MR. RAY: And that's what we're paying  
23 for, a sporting event? I'm sorry, this doesn't wash.

24 MR. LINDEMAN: Well, I don't understand  
25 it. Would you say again what it is?



1 MS. THOMAS: When the teams go for play  
2 off game or something and they travel away from  
3 Huntsville.

4 MR. LINDEMAN: The teams you mean --

5 MS. THOMAS: It could be Sam Houston, it  
6 could be the Huntsville Hornets, it could be New  
7 Waverly, any of those teams.

8 MR. LINDEMAN: Okay, so the Hornets  
9 going to Brenham?

10 MS. THOMAS: Yes.

11 MR. LINDEMAN: How does that work here?

12 MS. THOMAS: Because they do broadcast  
13 on the internet with it and people do tune in and  
14 listen. They do tune in and listen.

15 MR. RAY: That's not the question. The  
16 question is how does it bring overnight guests to  
17 Huntsville listening to the Hornets play in Brenham?  
18 And I don't think they play in January and in February.

19 MR. LINDEMAN: Basketball.

20 MR. RAY: And June.

21 MS. EVERETT: (Inaudible) when she was  
22 advertising for the open house at the statue gift shop  
23 that she inadvertently placed it to that line and it  
24 was just a mistake.

25 MR. RAY: But those also appear in the

1 visitors center gift shop ledger as well, KSAM ads.  
2 We're not talking about those. Those are there. The  
3 ones you're talking about are over there in that one.  
4 I'm talking about the CVB HOT money -- who signs the  
5 checks on this account, by the way?

6 MS. THOMAS: I would have to look at  
7 those and, you know (inaudible).

8 MR. RAY: Do you sign these checks? Who  
9 signs the checks on the CVB account? The HOT account?

10 MS. THOMAS: I do not sign any checks.

11 MR. RAY: Who signs the checks?

12 MS. THOMAS: It would be Dee.

13 MS. EVERETT: I sign them and we have  
14 two other signers on the board.

15 MR. RAY: Who are those?

16 MS. EVERETT: Our chairman and our  
17 treasurer.

18 MR. RAY: I also notice the Huntsville  
19 Item started getting some money early in '07. What is  
20 the justification for that? Inviting people in Bedias  
21 to come in?

22 MS. EVERETT: We have to look at the  
23 statements and what it was for. In some cases, you  
24 know, we just have to pull up the ad. It just depends  
25 on what it was.

1 MR. RAY: How could you possibly bring  
2 someone to stay overnight in Huntsville by running an  
3 ad in a local paper with a limited distribution?

4 MS. EVERETT: It's not always the only  
5 measurement when we're trying to do some sort of  
6 promotion for something that is going on.

7 MR. RAY: Well, I checked the dates and  
8 it just so happens that these dates coincide very  
9 closely with some rather large Ravenwood ads that were  
10 run in the Huntsville Item. Did you use HOT money to  
11 pay for Ravenwood ads?

12 MS. EVERETT: Absolutely not, Mr. Ray.

13 MR. RAY: Then what ad were they?

14 MS. EVERETT: I do not know. I did not  
15 code them and I would be happy to look at them.

16 MR. RAY: Are we going to get those  
17 then?

18 MS. EVERETT: If we can get them.

19 MS. THOMAS: We could pull the invoices,  
20 examples would indicate (inaudible).

21 MR. RAY: How many other papers do  
22 we advertise in here? I don't see any except for  
23 periodicals.

24 MS. HEILAND: There was Madisonville  
25 Meteor and Navasota Navigator or something, I don't

1 know.

2 MR. RAY: Examiner.

3 MS. HEILAND: Examiner, sorry.

4 MR. LINDEMAN: Why would we advertise  
5 there, I wonder?

6 MR. RAY: Beats me.

7 MR. LINDEMAN: I would think we would be  
8 advertising in Houston, come spend the weekend in  
9 Huntsville.

10 MS. THOMAS: We do.

11 MR. RAY: In the brochure in the  
12 Chronicle, the little Life section thing?

13 MR. LINDEMAN: How come there are no  
14 Huntsville Chronicle -- Houston Chronicle -- I didn't  
15 see a Houston Chronicle charge in here. I may have  
16 just missed it.

17 MR. RAY: Do they have a different  
18 billing address?

19 MS. THOMAS: I think it's under --  
20 because it's the community paper I don't think it says  
21 Houston Chronicle. I think it's HC or something like  
22 that.

23 MS. HEILAND: Would those also possibly  
24 be on the American Express card --

25 MS. THOMAS: There are some

1 advertisements that come through on American Express  
2 and that's their only form of payment. So there are  
3 some there.

4 MR. RAY: I didn't see any on the credit  
5 card roll out here.

6 MS. HEILAND: Neither did I.

7 MS. THOMAS: There are some. I can't  
8 say which ones they are, but there are some  
9 advertisements that do request. I think one of the  
10 Austin papers.

11 MS. EVERETT: Some of those would be an  
12 agency creates them, did they bill us for the ad or  
13 just the newspaper, itself?

14 MR. LINDEMAN: Would it be appropriate,  
15 Mr. Chairman, to --

16 MR. RAY: Mr. Chairman bugged out.

17 MR. LINDEMAN: Oh, did he. Who is the  
18 chairman pro tem?

19 MR. RAY: You are.

20 MR. BAINE: Some of these things are  
21 going to get corrected because she is going to  
22 present -- they are not corrected now but they are  
23 going to get corrected (inaudible). Some of this stuff  
24 won't be approved (inaudible).

25 MR. LINDEMAN: In the future, yeah, I

1 guess so (inaudible).

2 MR. RAY: While we're waiting I would  
3 like to backtrack on something. We asked for all of  
4 these documents and you sent them to us with a cover  
5 letter that -- where you say you're not going to give  
6 us some of them because you're not a governmental  
7 agency and, therefore, are not subject to open records  
8 request. Initially this was not an open records  
9 request. It was a request pursuant to statute and  
10 contract. So the citation to the public information  
11 act is inapplicable.

12 Second of all, and the city attorney can  
13 either refute me or back me up on this, any account you  
14 drop tax money into becomes subject to an open records  
15 request. I don't even think that is a close call.  
16 Leonard?

17 MR. SCHNEIDER: That's substantially  
18 correct.

19 MR. RAY: Okay. We're had in the past  
20 people say substantially correct and we had to beat  
21 them to get them to say what they meant so --

22 MR. SCHNEIDER: I don't want to be  
23 beaten. In most circumstances whenever a chamber is  
24 funded by public funds or HOT funds, where there is an  
25 overlapping public purpose, which this appears to be

1 the case, it is subject to the public information act.  
2 So I will agree with your assessment.

3 MS. EVERETT: But I have to be honest,  
4 our former chairman, Will Durham, called when we had  
5 another open records request and talked to the Attorney  
6 General's Office and he told us, his advice was that  
7 the records of the Chamber were not subject to the open  
8 records act.

9 MR. RAY: That's not what he said,  
10 listen.

11 MR. SCHNEIDER: That's correct. Only  
12 the records that are related to the public funds are  
13 subject to the open records request.

14 MS. EVERETT: Yes.

15 MR. RAY: Right. Everything we asked  
16 for was related to the HOT money.

17 MR. LINDEMAN: Yes.

18 MS. EVERETT: Yes. But when you talk  
19 about, you know, like salaries of Chamber employees  
20 and --

21 MR. RAY: When you designate that you  
22 are assigning a percentage allocation to charge the  
23 city of HOT money based on your assessment of the  
24 percentage being used by your in-house operations, we  
25 get to know what one-hundred percent is. In order to

1 know what one-hundred percent is you have to show us  
2 that. That is all we asked for. We didn't ask for  
3 your pay stubs or anybody else's.

4 MS. EVERETT: We gave you those numbers.

5 MR. RAY: Right.

6 MS. EVERETT: Right?

7 MR. RAY: My point is you are subject to  
8 the public information act by any percentage out there  
9 and, in fact, because of the statute and the contract  
10 any person can walk off the street tomorrow and say let  
11 me see your HOT fund books and you're supposed to say  
12 there they are, immediately and promptly. I just  
13 didn't appreciate the I don't have to give you stuff  
14 because we're not a government entity. And I'm not  
15 sure who you're getting your legal advice from but have  
16 them put it in writing.

17 MS. EVERETT: The AG's office told us  
18 that, call Will Durham.

19 MR. RAY: Have them put it in writing.

20 MR. FORBUS: Where are we? I was out of  
21 the room for a moment.

22 MR. RAY: Dick had something for you, I  
23 think.

24 MR. LINDEMAN: Well, I was just -- I  
25 don't know if it's a good idea or not. I was just



1 toying with -- I'm a little intrigued by this  
2 advertising pattern. I don't understand -- I guess I  
3 associate myself with the remarks that were made  
4 earlier. I don't understand how you bring tourists to  
5 town by advertising in a local newspaper and a short  
6 range local radio station. Now, I do understand  
7 capturing the traffic on the freeway. I think that is  
8 a, you know, that is a semi-legitimate point at least.  
9 But I don't understand why we're not spending most of  
10 those dollars in the Houston Chronicle or the Dallas  
11 paper or whatever.

12 MS. EVERETT: Mr. Lindeman, we are.  
13 Most of those dollars go out of this community in  
14 advertisement.

15 MR. RAY: Where is it?

16 MS. EVERETT: That was a small case of  
17 it. We advertise in Texas Monthly, Texas Highway,  
18 newspapers all over the state. That that payment that  
19 you see for Texas First, that is an ad that goes in  
20 multiple papers throughout four or five different  
21 states. And so you may not recognize it as the Houston  
22 Chronicle but that may, in fact, be one of those cities  
23 that that ad is going to.

24 MR. LINDEMAN: So that's a charge that  
25 would be in here somewhere if I were smart enough to

1 figure out where it was?

2 MS. EVERETT: Yes. Very little of it  
3 stays here. And if it does it's in the name of  
4 tourism, not necessarily the heads and beds. And we  
5 have, you know, we have certainly heard loud and clear  
6 how you feel about that.

7 MR. LINDEMAN: Well, I don't want to  
8 create any unnecessary work, but I would like to see a  
9 few pages of this ledger annotated as to which of this  
10 money is going to -- well, I can tell the locals. I  
11 understand that. But I would like to know what's going  
12 out of town. You know, pick a year or something and --

13 MS. EVERETT: Sure.

14 MR. LINDEMAN: And you know, pick 2007  
15 or 8 or last year, whatever you want to do. Pick a  
16 year and let's do an annotated --

17 MR. FORBUS: Let's do 2008.

18 MR. LINDEMAN: Okay.

19 MR. FORBUS: That's current.

20 MS. EVERETT: We can do that.

21 MR. LINDEMAN: I would be interested in  
22 out of town radio, television, whatever you're doing in  
23 the way of advertising. Both locally and externally.

24 MS. EVERETT: Sure.

25 MR. FORBUS: Now, let's summarize a

1 little bit of what we're expecting to get from you guys  
2 here. Have you made -- we want to get from -- Dick,  
3 you want a list or an annotation of --

4 MS. THOMAS: Advertising.

5 MR. LINDEMAN: For the moment, at least.  
6 I don't want to go any deeper than this. I would just  
7 like to understand what this is talking about in terms  
8 of the advertising.

9 MR. FORBUS: You were going to provide  
10 something regarding how to evaluate what your program  
11 of bringing people to town.

12 MS. THOMAS: Yes.

13 MR. FORBUS: We're going to get bank  
14 statements or -- what was it you asked for?

15 MR. RAY: Bank statements, real bank  
16 statements, not bank statements summarized.

17 MR. FORBUS: You can give them to  
18 Winston and he can redact the numbers.

19 MS. EVERETT: Could we ask to bring  
20 those Monday since the city is closed tomorrow?

21 MR. FORBUS: Absolutely. We don't want  
22 Winston to have to come in and get that.

23 MS. EVERETT: Promise.

24 MR. FORBUS: All of these items -- what  
25 else was on the --

1 MS. HEILAND: Bank statements.

2 MR. FORBUS: Bank statements we just  
3 talked about. I'm sorry?

4 MS. HEILAND: Credit card.

5 MR. FORBUS: Oh, credit card --

6 MR. RAY: Credit card monthly statements  
7 as opposed to year end roll up of the expenses.

8 MR. FORBUS: Again, give it to Winston.  
9 He can redact the credit card number off of it.

10 MR. BAINE: We're putting the credit  
11 card information on the web now.

12 (Discussion)

13 MR. BAINE: Any city employee that uses  
14 a credit card --

15 (Discussion)

16 MS. HEILAND: And the annotation, then  
17 perhaps we do need to pick a couple of the accounts,  
18 then we do need to see the invoice as well.

19 MS. EVERETT: Sure.

20 MS. HEILAND: That way it'll have the  
21 backup -- part of it is then if somebody asks you a  
22 question like what was that for, I can't remember.

23 MR. FORBUS: How much it cost, yeah.  
24 What it was, who it was, bla-bla, the whole thing.  
25 Anything else from anybody else?

1 MR. RAY: Since we are asking for a  
2 list.

3 MR. FORBUS: Okay.

4 MR. RAY: What do you call these things?  
5 It's the KSAM copies written down the left side. It's  
6 the transcript of the ad. I would like to see those  
7 for the ones that came out of the CVB.

8 MR. FORBUS: Can you get those? Okay.

9 MR. RAY: As far back as you can get  
10 them. These are from '08 and '07 so it shouldn't be a  
11 problem if we can get these.

12 MR. FORBUS: And were there any other --

13 MR. LINDEMAN: And the Item ads as well.

14 MR. RAY: And the Item ads as well.

15 MS. HEILAND: The last February report  
16 seemed a little light. I'm missing part of account  
17 numbers. It's really very difficult to read the detail  
18 for the CVB. I don't know if it was just the report  
19 that somebody picked that they -- it's in a different  
20 format than we've had before.

21 MS. EVERETT: This February?

22 MS. HEILAND: The one we just got. At  
23 least I think so. For example, all I have is the  
24 visitors center. I have the cover sheets and I don't  
25 have any of the detail. I mean, maybe --

1 MS. THOMAS: I don't know. The report  
2 that Stephanie brought to me have the -- it have the  
3 balance sheet, it have the profit and loss and it have  
4 the ledgers behind it.

5 MS. HEILAND: No. It didn't quite make  
6 it to our packet. See what I mean?

7 (Discussion)

8 MS. HEILAND: Yeah. See, there is no --  
9 the gift shop we got lots of detail on it, but on the  
10 visitor center and the others we are missing all the  
11 charge account numbers. We don't have any back up.  
12 Maybe it was just my packet.

13 (Discussion)

14 MS. HEILAND: Appreciate that, thank  
15 you.

16 MR. FORBUS: Okay. Is that all the  
17 requests for documentation?

18 MR. LINDEMAN: Do we know which  
19 employees work where? I don't but I'm just curious.

20 MR. RAY: Yeah, I do. I got --

21 MR. LINDEMAN: You got a list here?

22 MR. RAY: Chamber briefing has them  
23 there.

24 MR. LINDEMAN: I get confused by all of  
25 these name on here.

1 (Discussion)

2 MS. HEILAND: So we've decided that  
3 we'll probably deal with the gift shop as a separate  
4 topic?

5 MR. RAY: Yeah. We probably need to.  
6 You heard the comptroller. He said it was -- what did  
7 he say? Very unwise the way we're running it.

8 MR. FORBUS: I think we're through with  
9 Item C. Is there any other input on Item C, any other  
10 questions? I see none so we're going to go to Item b.  
11 And the majority of this is Winston's Duke. Thank you,  
12 Dee.

13 MS. EVERETT: Thank you.

14 MS. THOMAS: Thank you.

15 MR. LINDEMAN: We should thank Ms.  
16 Thomas, also.

17 MR. FORBUS: Thank you. We'll thank you  
18 after awhile. Don't get too worried about this. We're  
19 going to Section 5 at the bottom so relax.

20 (Short pause)

21 MR. FORBUS: Winston told me he would be  
22 succinct so you know what that means.

23 MR. DUKE: Nothing.

24 (Discussion)

25 MR. DUKE: This is a draft of the

1 community agency funding policy. That was drafted --  
2 actually Victor's group, and the model for this was  
3 Bryan/College Station. Stephanie had gotten the models  
4 several years ago and we at one time thought about  
5 putting it in the financial policy. And when this came  
6 up and Victor was given the task and took it back out  
7 and modified it for Huntsville. And on this sheet I  
8 have kind of summarized the different sections in the  
9 policy. The policy basically is for budgeting for  
10 non-profits and other programs.

11 First the budget goes to the city  
12 manager. And then it's funneled out to committee. So  
13 I have been asking council, so all the budget process  
14 no matter whether it's capital, non products, whatever,  
15 it had gone through regular city counsel first. And  
16 the first thing it talks about is the contract partner  
17 agencies. And those are agencies that have close ties  
18 to city functions that provide a public service benefit  
19 that really alleviates the city of certain work  
20 demands. So we have a close relationship. It might be  
21 several organizations involved with them. Being a  
22 small community sometimes we only have one.

23 The best example, and it's true in most  
24 cities, would be animal shelters. Because of the  
25 demand it would put on both public works and public



1 safety if that function did not exist. So the city  
2 would have to deal with more resources. So Boys and  
3 Girls Clubs is recreation. The convention and business  
4 visitors bureau would also be in that category,  
5 although it's related to HOT money. It doesn't mean  
6 that they necessarily have to -- that organization has  
7 to perform those functions, but it's one that the city  
8 by contract has accepted, you know, out of necessity.

9                   And the second one is outside service  
10 agencies. And those are really are non profit  
11 organizations that have specific programs. And that  
12 particular section of it I think has a three year  
13 requirement. And that doesn't mean that under this  
14 draft that you couldn't extend it beyond three years,  
15 but it's looking for a termination so that an  
16 organization can get funding on its feet and start the  
17 program but doesn't depend continually on public  
18 assistance to keep going. Those are examples.

19                   All of these are set by counsel, whether  
20 they are contract partner agencies or outside service  
21 agencies, it's a determination of counsel. The ones  
22 that we've had lately that might fall into those  
23 categories might be something like Huntsville Promise,  
24 Safe House.

25                   There is not a whole lot of difference

1 between sections three and four. The community agency  
2 funding review is mainly for smaller organizations that  
3 have loops, have ties to something in the community  
4 locally. Examples of that might be the Lakers, mens  
5 choir or other singing groups, exhibition and  
6 performing groups. So when something is presented to  
7 the city, I mean, it may have HOT money implications or  
8 it may have other fund implications and -- or a  
9 combination of either one. And a group might be  
10 presenting it without either one in mind. It's just  
11 presenting an idea to the city. So by budget it would  
12 be divided according to what source of funds that it  
13 might be funded by.

14                   The last one that you're interested in  
15 is the hotel/motel part. The hotel occupancy tax  
16 funding for agencies, which is in Section 5. And in  
17 that fund it does list the different criteria. And the  
18 city manager mentioned that we probably need to add  
19 some language regarding heads and beds into that  
20 section. 5.0, it goes over tourism development, arts  
21 and culture. 5.04 is a section that really is a  
22 question and answer, more of a guideline that we  
23 probably (inaudible) that section. 5.05 goes over  
24 contract partner agency for hotel/motel funds. And  
25 contract partner funding, again, is something that

1 could be managed by the city or could be managed by a  
2 CVB, but it is meant for to be a managing contract  
3 partner. So our managing partner might oversee this.  
4 If you will go to the flow chart on the back.

5               This is kind of my summary of how I  
6 envision that this process might work. Ideas are going  
7 to come from the public. They are going to come from  
8 individuals. They are going to come from departments.  
9 Usually they flow through departments. They might not.  
10 Probably ultimately if they develop a relationship with  
11 the city then they probably will be affiliated with  
12 some of the departments. Community development  
13 department has, you know, a good many of them. Then  
14 those flow down to city manager. You're also going to  
15 have different committees and boards. Some of them  
16 city affiliated, some of them loosely or completely  
17 independent. I have down here or cemetery, friends of  
18 the Wynne Home. It could be friends of the library,  
19 any 501-3c or city appointed board that might be coming  
20 up with programs and projects to submit to the city.  
21 So it would be submitted and incorporated into the city  
22 budget, which is the city manager's budget, proposed  
23 budget. And then he would allocate it to the different  
24 committees. And if it's HOT board related it would  
25 come to this committee. If it were one of the others

1 it probably would be looked at by the finance  
2 committee.

3 MR. BARRETT: I have a suggestion to  
4 make on this flow chart. The graph, you know, I'm into  
5 graphics. But I would ask you to consider that perhaps  
6 a HOT board should be up where -- and in the same  
7 relationship to city manager budget as arts, cemetery  
8 and Wynne Home. May be on the opposite side  
9 interacting with city manager. Because I think at the  
10 end of the day the city manager should be the last  
11 person to have his hands on the budget before it goes  
12 through finance and comes to the counsel. The way this  
13 is set up you would have two streams and if you -- you  
14 had a budget coming from the city manager that went  
15 through the HOT board it wouldn't go back to him before  
16 it came to counsel. Just seems like to me that  
17 would -- that could -- it would be hard to manage that.  
18 Plus I think --

19 MR. DUKE: It comes back to him down  
20 below COH budget proposal (inaudible).

21 MR. BARRETT: That's the city manager  
22 down there as well?

23 MR. DUKE: Right, yeah.

24 MR. BARRETT: Okay, that's fine.

25 MR. BAINE: Do you really want to get

1 into the -- would you rather establish priorities and  
2 look at results or would you -- or do you want to  
3 evaluate every HOT idea?

4 MR. BARRETT: I think the HOT board, one  
5 of its functions would be to have a role in budget  
6 recommendations. But I just didn't read the flow chart  
7 quite correctly. As long as it goes to the city  
8 manager before it comes to the counsel. In other  
9 words, I think that would be very important if he's got  
10 to put it all together, you know. So that's fine,  
11 that's fine like it is.

12 MR. DUKE: And legally I think it really  
13 has to. It's the city manager's budget. So that final  
14 proposal incorporates everything in it in which case if  
15 you don't adopt the budget, that is the one that's  
16 going to be adopted (inaudible).

17 MR. BARRETT: That's fine.

18 MR. DUKE: We usually set it up so that  
19 counsel is presented one document with all the  
20 submissions.

21 MR. BARRETT: Yeah.

22 MR. DUKE: Any questions or suggestions?

23 MR. FORBUS: We have a question from  
24 Kimm.

25 MS. THOMAS: I do have a question. Back

1 on page sixty-six when you give the test for the seven  
2 you said would fall within one of seven statutory  
3 provided categories. Actually it's eight. And even  
4 the comptroller kept leaving this out. The eighth  
5 would be the funding of transportation system for  
6 tourists.

7 MR. BAINE: If you will bring that to  
8 us -- bring that to us and we'll take a look at it  
9 (inaudible). The thing I don't like about this  
10 particular section is I think we need to be more direct  
11 about promoting hotel occupancy because that's really  
12 what all this has been about. And I don't -- as I read  
13 this over I keep seeing it diffused and if that's going  
14 to be the standard to promote hotel occupancy and the  
15 things I get by listening is that's what you're all  
16 talking about then we ought to go ahead and have it in  
17 our policy right ahead. And the eight thing about  
18 promoting transportation, I think that's like right on  
19 time provided that there is something of value to  
20 promote them. Like moving heads and beds to the  
21 conference center and back. And that would be ideal  
22 situation. But, of course, it's targeted at larger  
23 cities that have, you know, big, big venues. But  
24 that's the only transportation thing that I can think  
25 of that would target hotel industry or something that

1 was actually moving people to and from conferences  
2 where people spent the night. But maybe there is some  
3 others that it's beside me what that would be. But in  
4 a big city where they have lots of events I can see it  
5 would be a way to fund public transportation.

6 MR. DUKE: Might want to refer to the  
7 statute. And one thing is he did mention that and I  
8 think the eighth one was presented is a sub set of one  
9 of the others, I'm not sure.

10 MS. THOMAS: It's not a sub set. It is  
11 actually a separate. But one of the good things about  
12 that is that, you know, as we go forward and as we look  
13 at transportation could be a means -- and it wouldn't  
14 be for every group of course, but say for instance we  
15 did have an opportunity to bring a larger group in and  
16 we say hey, we can provide this, that could be the  
17 determining factor to get a larger group here. It  
18 wouldn't be every case but --

19 MR. BAINE: Right. There would still  
20 have to be some test. You wouldn't want to spend  
21 \$20,000 for fifteen nights in a hotel room. You would  
22 still have to have some kind of a test.

23 MS. THOMAS: Yes.

24 MR. DUKE: We might want to refer to the  
25 statute in the policy. Is that a good idea?

1 MR. SCHNEIDER: Yes.

2 MR. BAINE: Maybe the HOT board would be  
3 a good title. Maybe you can put a line in there for  
4 transportation and the HOT board decides what  
5 transportation (inaudible).

6 MR. RAY: I'm sorry, what statute you  
7 say -- did you say just transporting tourists around or  
8 transporting them to and from a convention center?

9 MR. FORBUS: To and from convention  
10 center.

11 MS. THOMAS: It would be to an event.  
12 It would be to an event. And actually it's in here.

13 (Discussion)

14 MR. SCHNEIDER: I have already addressed  
15 that issue with the city manager at one time regarding  
16 that eight topic and I'll send it out to Winston again  
17 if you want to short-circuit this process.

18 MR. FORBUS: Yes. Let's do that. We  
19 certainly do. Let's go on. Let's move forward.

20 MR. DUKE: We're seeking comments on any  
21 proposal to draft and any changes. And we're into the  
22 budget process already so it's very timely that we move  
23 forward.

24 MS. HEILAND: I'm not sure where it  
25 would go in here but I really think that sum and



1 substance of what we talked about tonight is that any  
2 group has to present particulars about what they hope  
3 to achieve, measurable standards, the substantiation,  
4 and how -- you know and then the reporting period at  
5 the end. It just occurred to me that having gone to  
6 one of Linda's arts commission budget processes and  
7 she's, you know, you mentioned it, it's a lot of  
8 documentation is required to get \$3000.

9 MR. FORBUS: It would be the same for a  
10 hundred thousand dollars.

11 MS. HEILAND: Yeah.

12 MR. BAINE: It's the same for eleven  
13 million dollars.

14 MS. HEILAND: Yeah. And that's the  
15 process that --

16 MR. FORBUS: Sorry about that  
17 (inaudible). I think that's coming up. I think  
18 Winston is going to address that when it come to the  
19 budgeting process.

20 MR. DUKE: I think that's a guideline  
21 and some of this broadly is in here as far as wanted to  
22 make sure you could request a budget and even  
23 financials. And we did have a case, you know, where  
24 there was a financial problem with an organization that  
25 the finance committee met with twice one time. And

1 each one of these is a contract. And it's spelled out  
2 to be approved by the city attorney (inaudible)  
3 contracts and it does have those (inaudible). That's  
4 all I had on that. Unless anybody has any comments.

5 MR. LINDEMAN: I have one comment, Mr.  
6 Chairman.

7 MR. FORBUS: Go right ahead.

8 MR. LINDEMAN: If we're going to go to  
9 the trouble of building this section five let's make  
10 sure that we can pull it out and use it in case  
11 somebody comes in and wants to know how we are managing  
12 HOT funds. And I think we accomplish that if we have a  
13 good statement of what our city policy is and our own  
14 procedures. But I also think we probably need a matrix  
15 stuck in here which relates what we're doing to the  
16 requirements of the statute. So that if somebody comes  
17 over here, if we do get audited for some reason, or  
18 even if someone just comes over and shows an interest,  
19 we can pull this out and say look, we read -- we took  
20 the trouble, the City of Huntsville took the trouble to  
21 read 351 and understand those requirements. And we are  
22 making sure we are implementing those requirements and  
23 here is how we are doing it. You can go to this  
24 paragraph of our document and it will say -- it will  
25 reference back to that sub paragraph in 351 and say

1 that's how we're doing that so --

2 MR. FORBUS: Let me make a suggestion,  
3 Dick, would you be available to get with Victor and --  
4 I guess Victor is putting this together is he --

5 MR. BAINE: If you just write the  
6 language that you want because I have marked this up  
7 while we were doing it, too.

8 MR. LINDEMAN: I just want to stick a  
9 matrix in there that relates what we're doing to the  
10 requirement of the statute so that we can show an  
11 auditor that this is how we are implementing that.

12 MR. DUKE: That is something we include  
13 in new contracts, every one of them, whether it is  
14 effective or not. That does have that language that  
15 they are supposed to attempt to meet this requirement.

16 MR. FORBUS: Okay. Onward.

17 MR. DUKE: The next thing is budgeting.  
18 We have a word document. And I have a hand out that I  
19 (inaudible) sent to me. It's on the budgeting process.  
20 Gives an example of (inaudible) you and I have talked  
21 about budgeting quite a bit and I wanted to show you by  
22 this how budgeting kind of evolved in the financial  
23 world and relate it to kind of what we do in the city.  
24 And I felt like this process was very conducive to what  
25 you were trying to do here. And particularly to the

1 hotel money in particular, much more easily than the  
2 city as a whole.

3           The first topic budgeting which in the  
4 beginning of budgeting was traditional line item  
5 budgeting which most everyone still uses. It's based  
6 on history. If that -- one of its flaws is (inaudible)  
7 year after year, use the same box. You don't look at  
8 outside parameters. There was zero based budgeting and  
9 the term was kind of made popular by Jimmy Carter even  
10 back, you know, in the late 70's. We do some of that  
11 here into our budget software where we ask them to  
12 start basically from zero and to itemize everything  
13 that is going to be in there. So if there is five  
14 thousand or ten thousand there should be documentation  
15 in there what it is going to be. And sometimes, I mean  
16 even if it's a contingency, we made great progress with  
17 that still not there yet on everything. GFOA in  
18 particular and the accounting world as well as  
19 accounting standards board is beginning to promote  
20 performance measures in particular. And they have a  
21 long time of measures and a lot of people began by  
22 having what I call work load (inaudible) or inputs.  
23 For example, fifty fires and a hundred calls. And now  
24 they're pushing for what they call efficiency measures,  
25 which is pretty much what you're looking for to attach

1 to a contract. Those are results oriented. And it  
2 might be the percentage of fires responded to in five  
3 minutes with the goal set of you want ninety percent to  
4 be in five minutes. So then you come back and see the  
5 results and if you don't make it there might be good  
6 reasons that you don't. So that's part of the process,  
7 too. Then we see that you're theoretically supposed to  
8 change the measure.

9                   Program budgeting followed, which is  
10 pretty much by function as by call centers. We do some  
11 of that but it's still line item based. True program  
12 budgeting, the State of Texas tried to do it with one  
13 of their health and services or community departments  
14 and I think had marginal success with it. But it is  
15 like you budget, set the mission, you establish the  
16 program. I want to give you a million dollars and I'm  
17 not particularly interested in office supplies and that  
18 but I want to know what you did with it and here is the  
19 parameters. I expect you to come back and report on  
20 it.

21                   Budgeting for outcomes takes a little  
22 bit of all of these. Another name is balanced score  
23 card. It's program based. It's based on cost of  
24 service oriented. It's tightly interwoven with  
25 performance measures. And it's a situation where you

1 go out and make an invitation or an offering to --  
2 could be departments, public, individuals -- to submit  
3 proposals for the service. Now, true, city based  
4 budget outcome -- and there is not many that do this  
5 well -- try to do it with departments. And some of it  
6 comes naturally. For example, we talk internally of  
7 whether we're going to do in-house or outsourcing solid  
8 waste. (Inaudible) management, payroll, even from time  
9 to time meter reading. So virtually when it comes down  
10 to it every city service could be possibly outsourced.  
11 Even some cities outsource public safety. Of course,  
12 we even have a public safety contract ourselves. Some  
13 of it is harder to do. But theoretically even  
14 accounting could be done that way where we would have  
15 to come back and say, you know, you want this type of  
16 performance, you want these type of reports, this is  
17 how much we think it will cost to do that and you would  
18 actually be competing in the outside and corporate  
19 world.

20                   And the sense of this is that you open  
21 up the box for out of the box thinking rather than to  
22 be with traditional turfs, traditional line items, and  
23 do the same thing over and over.

24                   As I sat through these meetings that's  
25 what I hear from, you know, this group. That

1 regardless of whether something is in compliance or not  
2 you want something more effective or you want something  
3 proven to be effective. You want to see some new ideas  
4 rather than to do the same thing. So this might gear  
5 itself to lending proposals on whether we do a gift  
6 shop or not, how it's done (inaudible) that type of  
7 thing. Even theoretically a Linda Dodson, a Linda  
8 Pease, even the Chamber could think out of the box  
9 without thinking that this set of the money is just  
10 theirs or for them and they can't cross because  
11 theoretically any one of them might could do portions  
12 of it. So you kind of open up the lateral thinking  
13 submitting proposals. And I've heard different  
14 discussions of opening up the proposals for different  
15 part of it. You know, out in the public and deciding  
16 what you want to do with the hotel/motel tax money.  
17 The -- I don't have one of those.

18 (Discussion)

19 MR. DUKE: I wasn't going to say a lot  
20 about this. But in this particular city they were  
21 saying that -- start with a set of results and if you  
22 know what we do here, we do the city, the vision,  
23 mission statement, then we do the comprehensive plan  
24 and what we call the strategic plan and annual plan.  
25 And most cities the strategic plan is the comprehensive

1 plan and it's reversed. But those are in good  
2 budgeting, you would tie all the department objectives  
3 and then down further, if you could, to one of those  
4 mission statements. And budgeting a lot of times  
5 (inaudible) would set the parameters of what it wanted  
6 and even some of the performance measures and then send  
7 the thing out for proposal. So you would set a broad  
8 mission statement, a vision statement, and tell the  
9 public, you know, what you're looking for, including  
10 the city, itself, to get the city to start thinking  
11 differently. And then the important key to this is  
12 they do not fund processes, they fund outcomes. So  
13 that's basically what I had on that. That leads us to  
14 where we are on the next one. Are there any questions  
15 related to that?

16 MS. HEILAND: I guess what popped in my  
17 mind when we went through here, I think one of the  
18 things that has been troubling to me is we have so many  
19 under a lot of needs, not enough resource organizations  
20 in this town. If we could somehow have as one of the  
21 results, one of the outcomes, being able to fund some  
22 portion of those operations so that people, visitors  
23 would have something to do when they come here. And I  
24 will use the Gibbs-Powell house as an example. I mean,  
25 we can't -- there are several others, you know,



1 organizations like this. Maybe one of the limitations  
2 is people don't want to come here (inaudible) because  
3 there is not really quite enough to do. We just need  
4 to have some other, some means, just pie in the sky  
5 thinking, but some means to sort of get that taken care  
6 of. So I don't know, just a thought.

7 MR. FORBUS: I think that's what this  
8 (inaudible).

9 MS. HEILAND: I'm on the right track on  
10 thinking?

11 MR. FORBUS: Absolutely, yeah. I think  
12 it gives people the opportunity to be creative, think  
13 outside the box --

14 MS. HEILAND: And partner together.

15 MR. FORBUS: And partner. You know, the  
16 Wynne Home and Chamber might come up with a program  
17 that would really benefit the city.

18 MR. BAINE: Maybe the Chamber would sign  
19 up or someone would sign up to promoting -- or maybe  
20 Matt will sign up to trying to get -- I read in here  
21 where if we have ten sporting events that go to a  
22 certain level of criteria, whether playoff, so on, or  
23 tournaments, that we can use hotel money for it. Maybe  
24 one of our goals is that we get ten events that people  
25 would come from outside the county to come into town.

1 Maybe that's what it is. Maybe it's ten events,  
2 period. Maybe it's a combination of sporting events  
3 and other big cultural events that would require you to  
4 spend the night. And there has been a lot of different  
5 ideas.

6 MR. FORBUS: Maybe we could have an art  
7 off.

8 MR. BAINE: A what? An art auction?

9 MR. FORBUS: Art off. Bring in artists  
10 and they go down to the last guy, last artist standing.

11 MR. BAINE: Maybe a tournament --

12 (Discussion)

13 MR. BAINE: One thing about it, if you  
14 use live swords they would get off the dollar pretty  
15 quick.

16 MS. HEILAND: Okay. That would be  
17 something to explore. Not the art off, I'm sorry. But  
18 you could have umbrellas, cultural tourism -- I mean,  
19 you could have broad umbrellas that that would fall  
20 under.

21 MR. FORBUS: Which would probably  
22 bring -- have more events than just one day. So  
23 anyway, onward.

24 MR. LINDEMAN: I do have one question on  
25 this, Mr. Chairman. Winston, you said something that

1 concerned me just a little bit. You talked about  
2 outsourcing what the city is doing in the accounting  
3 system.

4 MR. BAINE: No. He was using an  
5 example.

6 MR. FORBUS: That's an example of a  
7 possibility.

8 MR. LINDEMAN: Okay.

9 (Discussion)

10 MR. FORBUS: Get away from that.

11 MR. LINDEMAN: I hope that you haven't  
12 heard anything in this meeting --

13 MR. DUKE: (Inaudible) talking about  
14 outsourcing myself than say the water department or  
15 solid waste. I mean, theoretically, bottom line there  
16 is every inch of it and there is certain things that we  
17 discuss every day that we don't even think about it and  
18 talk internally and usually comes up in the budget  
19 process. That it's not carried this far. There are  
20 some cities that are trying to carry it that far.

21 MR. LINDEMAN: Well, part of my  
22 nervousness, I read a version of this some months ago,  
23 it's a different version than this, and if we or anyone  
24 implemented what I read it would require a fundamental  
25 change in your accounting system, your whole way of

1 doing business internally.

2 MR. BAINE: I didn't propose this to  
3 Winston and he did it on his own, it is very  
4 commendable. I would like to have goals that have  
5 achievable results, measurable is in those goals. So I  
6 think it would serve us well in audits. And if we were  
7 trying to improve the occupancy rate by two percent, if  
8 that was our goal, and if at the end of the year we did  
9 it we can say well, we did it. If we're trying to  
10 do -- accomplish something else, improve the quality of  
11 our historical sites, if that was one of our goals in  
12 order to get to be better in that department, just  
13 something that's measurable. I think you would be more  
14 at peace, too, wouldn't you?

15 MR. LINDEMAN: Well, I don't mind  
16 setting goals, that's fine. But if you take this very  
17 far you're doing more than just setting goals.

18 (Discussion)

19 MR. DUKE: One example is sitting here.  
20 I mean, in managing even the legal department. You  
21 know, we have gone probably in-house to doing that.

22 MR. BAINE: We had a lot of controversy  
23 and it sort of works out so far. When it stops working  
24 out we'll go back.

25 MR. FORBUS: We'll go back to line item

1 accounting, yes.

2 MR. LINDEMAN: That's fine. But you  
3 don't change your fundamental way of doing business  
4 just because you outsource a function. You don't  
5 change your accounting system, you don't change your  
6 management system.

7 MR. RAY: Are we still talking HOT  
8 money?

9 MR. LINDEMAN: Well, they are inferring  
10 from what we are saying here that we want them to do  
11 that and if they are inferring that I'm objecting to it  
12 because I don't want them to do that. I don't like  
13 this. I did have a responsibility one time in the  
14 federal government for a budget function. And this  
15 kind of stuff comes along every once in a while and it  
16 always winds up getting you in more trouble than it  
17 does you good.

18 MR. BAINE: A lot of FWA in it.

19 MR. LINDEMAN: Yeah. So I would be very  
20 suspicious of this.

21 MR. BAINE: In this town, I don't know  
22 how you get around with FWA. You have to have a real  
23 niche to get around with FWA for very long.

24 MR. LINDEMAN: You know, the kind of  
25 activity we're talking about is not of sufficient

1 volume to change anybody's way of doing business. We  
2 might want to modify what we do in accounting system  
3 somewhere. I would be very reluctant to even ask the  
4 Chamber to modify their accounting system even if we  
5 find a few things wrong with that.

6 MR. DUKE: This doesn't have anything to  
7 do with accounting system that I'm talking about.

8 MR. FORBUS: This is programs for  
9 outcome.

10 MR. DUKE: It's a way of -- it's  
11 basically program budgeting. It's performance --  
12 setting performance measures, you know, and trying to  
13 get people to think of different programs and validate  
14 the money. It is very much the idea that I've heard  
15 here from this group for six or seven months, you know.  
16 It is a perfect example of it. Depending on how far  
17 you want to go. Now, on anything you do, you know, you  
18 could be way over here, left or right or in between.  
19 So I'm not even speaking to my accounting system, CVB  
20 accounting system, but it has to do more with how  
21 you're going to budget and get proposals in. There are  
22 certain decisions you're going to have to make on  
23 deciding what you want to do with the money and you  
24 want to continue with the present role or not.

25 MR. BAINE: I think they are doing a --

1 knowing what is submitting from an accounting point of  
2 view, what we're doing right here is redirecting all of  
3 our efforts to promote hotel occupancy. One can say  
4 that's pretty close to a zero based approach. You  
5 don't have any sacred cows, no sacred cows. Nobody  
6 gets a defined contribution. And then you're letting  
7 elected officials decide what the priority of  
8 distribution is based upon what their performance is  
9 going to be, or the best you can come up with at this  
10 point. It could be wrong.

11 MR. FORBUS: Next is --

12 MR. DUKE: The proposals.

13 MR. FORBUS: Proposal for compliance  
14 audit.

15 MR. DUKE: I was asked to go out and get  
16 proposals. And we actually have interest from  
17 several (inaudible) some of them I'm going to talk  
18 about generally. And we have (inaudible). We had  
19 actually contacted Mooney services which does the  
20 collection audit for the hotels expressed an interest.  
21 And we asked them. They were going to submit a  
22 proposal. When they saw the scope of work they  
23 referred us to another firm, consulting accounting,  
24 very similar to the one that you have in that booklet.  
25 And I only found out about that today. You know, if

1 the scope were changed that might change their mind  
2 somewhat. As we have gone along I tried to determine  
3 whether the scope should change, were we less  
4 interested in audit and more in something else. And  
5 what I keep hearing out of this is that no, we are  
6 still strongly interested in an audit. And  
7 specifically inventory and compliance and look at  
8 expenditures as well as (inaudible). That's what I'm  
9 hearing. If it's some of that or none of that and  
10 we're interested in going onto something else then we  
11 need to look at that correction.

12                   The second one was a suggestion that I  
13 knew would do extremely well at this accounting wise at  
14 very low cost. And it was a firm that does a lot of  
15 governments. In fact, governments and banks is just  
16 about all they do. And they have more non profit and  
17 government clients than I could probably ever count.  
18 I'm not sure how many at this point. But even five or  
19 six years ago they probably had at least a hundred  
20 twenty. And they have been very cost effective, even  
21 locally, even though they have to travel. They had  
22 expressed interest in that. And were about a month ago  
23 or month and-a-half ago, and I said this is their busy  
24 season, they can't (inaudible). What they quoted we  
25 did some general talking, you know, was they suggested



1 that you might look at doing this in pieces. You know,  
2 if you're not sure how far you want to go. The general  
3 rates were \$75 for senior staff, \$60 for regular staff,  
4 \$150 for the manager.

5           They thought the audit would take no  
6 more than a week and probably three days. We discussed  
7 inventory in particular. They -- and the financial  
8 audit. And I told them about some of the results.  
9 They said they certainly could do some of the pricing.  
10 They could not verify the inventory since they were not  
11 there, you know, during the inventory count. And which  
12 probably to do it correctly in the gift shop you can do  
13 another inventory (inaudible). So it wouldn't take  
14 that long. This is a firm that does know, you know, a  
15 lot of cities. They can look up CVB and do some  
16 research. So there was that avenue.

17           The third one is the one you have in  
18 your booklet which came to the comptroller's meeting.  
19 They had an accountant there and they had a consultant  
20 listening on the phone and that has expressed interest.  
21 And we have talked to a number of times over the past  
22 the month or so. And they submitted an initial  
23 proposal, which is not the one you're seeing here, and  
24 they revised it after the meeting with the comptroller.  
25 And after we specifically pointed out that they didn't

1 discuss inventory enough and there were certain  
2 specific accounting audit things that seemed to be  
3 interested in.

4                   That firm is a partnership between a  
5 sub-contractor with an accounting firm in Houston.  
6 They have a forensic auditor that would be the man that  
7 would be behind this. But on a consulting end they  
8 also, if you really wanted to look at the process on,  
9 you know, how to do proposals and relationship with  
10 CVB, probably has a good potential of raising  
11 (inaudible) of carrying it to a different level. So  
12 the initial proposal was twenty-eight, in here it was  
13 thirty-six, accounting for the extra time. And that  
14 for this firm would be a significant write down on  
15 fees. They indicated that.

16                   MR. FORBUS: The last firm you were  
17 talking about, they were also going to -- they would  
18 also make recommendations regarding managing of how to  
19 proceed, how to go about managing the whole hotel  
20 occupancy tax --

21                   MR. DUKE: Yes, everything.

22                   MR. FORBUS: -- program? Okay.

23                   MR. LINDEMAN: So it's really more than  
24 an audit. It's a program management review actually.

25                   MR. DUKE: Right. And if you took the

1 audit out or if you didn't do part of it obviously that  
2 makes --

3 MR. FORBUS: Any questions?

4 MR. LINDEMAN: I like the guy that came  
5 the last time.

6 MR. RAY: He's in there.

7 MR. LINDEMAN: He really knew what he  
8 was talking about. I had a separate discussion with  
9 him.

10 MR. FORBUS: Any other questions?

11 MR. RAY: Can we use HOT money to pay  
12 for it?

13 MR. FORBUS: Yes.

14 MR. RAY: What else do we need to know?

15 MR. FORBUS: Okay.

16 MR. LINDEMAN: You can always learn  
17 something from something like that if nothing else.

18 MR. FORBUS: Well, we'll give this  
19 information time to mold in our brains and talk about  
20 it next time. I will put together a report to the  
21 council. I will send out my initial draft to the board  
22 members for your input and hopefully I will be able to  
23 either make a report to the council, the city council  
24 either at the next meeting or the following one.  
25 Anybody else have anything to add?

1 MR. LINDEMAN: You're going to have a  
2 little something to say about the Wynne Home in that  
3 report, I trust?

4 MR. FORBUS: Yeah. In fact, Linda, we  
5 weren't ignoring you today.

6 MS. PEASE: That's okay.

7 MR. FORBUS: It's just so much on the --  
8 you didn't want to stay another hour did you?

9 VOICE: No, sir, not tonight. But I  
10 would like to provide you with a report as someone  
11 suggested earlier about how other towns spend their  
12 funds and how they make the hotel/motel tax work  
13 according to the law.

14 MR. FORBUS: I think that's exactly what  
15 Wayne is looking for, yeah, and all of us are looking  
16 for. My take on it is the next -- set the next meeting  
17 date. How about the second Thursday in -- next month.  
18 What date is that? Second Thursday.

19 VOICE: Mr. Forbus, the second Thursday  
20 of each month is when the Arts Commission generally  
21 meets. That's their regular meeting date. And we  
22 could change our meeting date and we have done that,  
23 you know, for the couple of times that, you know, it  
24 has been in conflict. But I just want you to be aware  
25 that that's --

1 MR. FORBUS: Does that create a problem  
2 for anybody if we -- in regards to the second Thursday,  
3 does that create a big problem for you? Not really?  
4 Okay.

5 MR. SCHNEIDER: It's May 14th.

6 MR. RAY: Five weeks away.

7 MR. LINDEMAN: That's a long way off,  
8 Mr. Chairman. I was thinking about a couple of weeks  
9 from now. We're going to get an additional data dump  
10 tomorrow?

11 MR. RAY: Monday.

12 MR. LINDEMAN: Monday, yeah.

13 MR. FORBUS: I think we need at least a  
14 couple of weeks to mull over whatever we got don't you?

15 MR. BAINE: I think that our Director  
16 needs to go through all the data, all the presentation  
17 before it does because I may not agree with it.

18 MR. FORBUS: So do I have anymore input  
19 here? You say two weeks?

20 MR. LINDEMAN: I would recommend two to  
21 three weeks, something like that.

22 MR. FORBUS: How about you, Mr. Barrett?  
23 You look like you have something on your mind.

24 MR. RAY: That you want to share.

25 MR. BARRETT: Three would be May 7th; is

1 that right?

2 MR. SCHNEIDER: Three weeks would be  
3 April 30th and May 7th would be four weeks.

4 MR. FORBUS: Let's go May 7th. Yeah,  
5 May 7th?

6 MR. SCHNEIDER: That's one month.

7 MR. FORBUS: That's to give everybody a  
8 chance to catch a little sleep after this one, okay?

9 MR. BAINE: I believe that the manager  
10 needs to -- or the Director needs to review it and that  
11 the gentlemen that I told to handle this needs to  
12 review it on top of that, so --

13 MR. FORBUS: Okay. That will give me  
14 time.

15 MR. LINDEMAN: In that case you may want  
16 to go back to your original thought. I was just  
17 thinking we were going to have a data dump here and  
18 ought to do something with it.

19 MR. RAY: There's no council meeting on  
20 the 12th of May is there? It would be nice if this  
21 were an off week so we are not getting bashed two  
22 nights in a row.

23 MR. FORBUS: Let's do it the second  
24 Thursday in May. That's after the election, right?

25 MR. RAY: What election?

1 MR. FORBUS: Oh, that's not ours. Okay.

2 VOICE: So we're now at the 14th?

3 MR. FORBUS: Back to the 14th. The  
4 original date. I'm sorry, folks. Okay, this meeting  
5 is adjourned.

6 (Proceedings concluded)

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1 STATE OF TEXAS \*

2 COUNTY OF WALKER \*

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I certify that the foregoing is a true and correct transcription, to the best of my ability, of the audio/video recording of the proceedings held as provided to me by the City of Huntsville, Texas.

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I further certify that I am neither counsel for, related to, nor employed by any of the parties or attorneys in the action in which this hearing was taken, and further that I am not financially or otherwise interested in the outcome of the action.

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I further certify that the transcription fee of \$1098.00 was paid/will be paid by the City of Huntsville, Texas.

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WITNESS MY OFFICIAL HAND this the 27<sup>th</sup> day of July, 2009.

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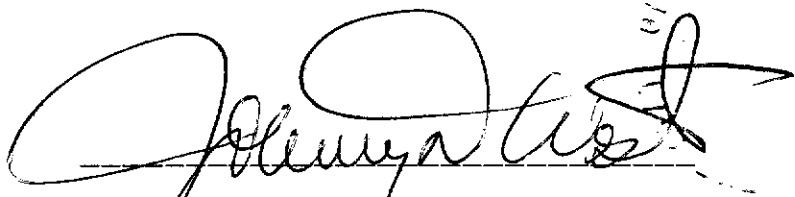
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Johnny D. West, CSR #542

Exp. Date: December 31st, 2010